No. 29.651

Monday June 17 1985

D 8523 B

#### Police fire Goodyear at rioters chief in Cape attacks **Province** tax plan

South African police fired shotgans and rubber bullets when rioters petrol-besshed homes and vehicles in black townships in Cape Province on the anniversary of the 1976 Soweto riots.

World news

The unrest followed two explosions in black townships near Dur-ban - where government offices were damaged - and in Cape Town where a hand grenade was thrown. In Soweto, police riot squads fired teargas to disperse blacks gathered to mark the anniversary of the riots. The violence flared after a crowd of blacks began stoning police vehicles. Page 3

#### Eanes seeks advice

President Antonio Eanes of Portugal is to consult the Council of State over whether to call early general elections to resolve the crisis caused by collapse of the Socialist. coalition Government after a dispute over economic reforms. Elec-tions were not due until 1987.

#### **Namibia Government**

Mr P. W. Botha, South Africa's President, is due to hand over all government powers except security and foreign affairs to an interim Namibian Government today despite further UN pressure for independence for the disputed territory.

#### Star wars test

space of laser technology under the U.S. star wars programme.

provement following a Government victory in a referendum on wages.

#### Rebels blast bridge

Guerrillas of the Mozambique Nabridge on the railway line between Maputo and South Africa, halting goods traffic to South Africa and Zimbabwe.

#### 100 Tamil casualties

At least 100 Tamil separatist guer-Sri Lankan security forces raided a camp of the Liberation Tigers of Tamil Eelam in the north west of

#### Martial law demand

The Sind province assembly has first "national car" the Proton Saga. joined the Punjab and North-West Page 19 Frontier provincial assemblies in demanding an end to martial law in Pakistan after the National Assembly allowed a committee to delay for a month its report on a political framework to replace the eightvear-old regime.

#### Dikko "to appeal"

Former Nigerian minister Mr Umaru Dikko is expected to appeal in the next few days against Britain's refusal to allow him political asyhum. He has until Thursday to appeal or face deportation on July 4.

#### Exiles jeer Kohl

West German Chancellor Helmut Kohl told a jeering crowd of 10,000 German exiles from Silesia that West Germany had renounced territorial claims against Poland and wanted to deepen co-operation between the two countries. Page 2

Policeman killed Gummen shot dead a part-time policeman in Kilread, near London-derry, Northern Ireland. He was

#### the 18th officer to die this year

More police power After stormy scenes in the Turkish parliament, the Government ma-naged to push through legislation giving wide discretionary powers to police. Page 3

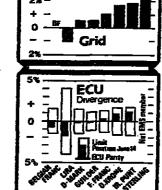
#### Porsche victory

Porsches filled the first five places in the Le Mans 24-hour car race. Winning crew Klaus Ludwig and John Winter (West Germany) and Paolo Barilla (Italy) covered 3,160 miles at an average speed of

#### Robert Mercer delivered a blister-ing attack on President Ronald Reagan's latest tax proposal, saying it would have a negative impact on jobs, economic growth and ability of U.S. manufacturers to compete in-ternationally. Page 3 EUROPEAN MONETARY SYSTEM: The Belgian franc was a little weaker but remained comfortably **EMS**: June 14, 1985

GOODYEAR tyre group chairman

-Business summary



within its divergence limit, Belgian interest rates have fallen over the past few months thus reducing dif-The space shuttle Discovery is attraction. The D.Mark was also a scheduled to lift off from Cape Canaveral today on a commercial, scientific and military mission which includes the first tests in the weaker although there was little to influence trading ahead of this week's U.S. GNP figures. The Halian lira showed an overall improve the commercial in the space of leser technology under the

The chart shows the two constraints on European Monetary System ex-Guerrillas of the Mozambique Na-change rates. The upper grid, based tional Resistance sabotaged a on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2% per cent The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of Eu-

> **MALAYSIAN** Government agencies together with the London-based Kuwaiti Investment Office have built up a dominant stake in Cycle & Carriage, the Singapore motor distributor, to secure an effective distribution network for Malaysia's

THE political row over the April 30 agreement by IRI, Italy's state holding group to sell SME, its food manufacturing company, for LA97bn (\$253m) to Buitoni took another turn when Government minister responsible suspended the 20-day deadline for decisions which was to have expired yesterday and threw the decision back at IRI. Page 17

GOLDFIELDS Industrial Corporation, the 60 per cent-owned South African subsidiary of B. Elliott, the UK machine tools group, returned to profit in the year to March despite a drop in turnover. Page 19

AMF, the U.S. leisure equipment manufacturer, has finally agreed to be acquired by Mr Irwin Jacobs, the Minneapolis investor, under a two-step \$24 a share and cash and paper tender offer. Page 19

pharmaceuticals manufacturer, has reported a 24 per cent rise in pre-tax profits for the first four months of 1985 to SKr 360m (\$40.4m) against SKr 290m a year earlier. Page 19

CAPITAL Cities Com of the U.S., confirmed that it is negotiating to sell its cable television operations to the Washington Post newspaper group for about \$375m.

CHRISTIANIA Bank and Bergenbank, the Norwegian banks, were hit during the January/April period this year, by the Government's tough credit market measures.

BL, the UK state-owned vehicles group, is expected to receive gov-ernment approval today for its fiveyear corporate plan, Page 9

### Reagan hopeful tor negotiated end to Beirut hostage crisis

RALE BALE IN WASHINGTON, NORA BOUSTANY IN BEIRUT AND LYNNE RICHARDSON IN TEL AVIV

PRESIDENT Ronald Reagan yes-terday called his top national security advisers to an emergency meeting at the White House, as guarded hopes rose in Washington for a negotiated end to the agonising threeday ordeal of hijacked TWA flight

With up to 33 American hostages still held by 12 or more Shia terrorists aboard the aircraft, which was on its third visit to Beirut airport yesterday, new talks were under way between the hijackers and Shia and international representatives in Beirut. The hijackers were said to have pledged not to harm their captives as long as the talks

An American Delta force of elite

to rescue the Americans.

Political pressure was mounting, however, for U.S. retaliation hijacking was over. The American public has been deeply traumatised by the events of the last three days. which are widely seen as an act of challenge to its national sovereign-

anti-terrorist commandos was wide- pressure in Israel to yield to the ter- the Beirut airport terminal yester- aircraft, the passengers asked that tions were said to be taking place. ly reported to have been sent to the rorists' demands to free Shia pris-Mediterranean - probably to Cy- oners in exchange for the hostages prus. The Administration would not on board the aircraft. Mr Reagan confirm the reports, but the view in said that the U.S. had been in touch Washington was that the U.S. was with the Lebanese, Syrian and Isunlikely to use military force to try reali governments, but would give

no details of the exchanges.

Of particular concern in Washinghowever, for U.S. retaliation ton was the fate of up to eight against those responsible once the Americans with Jewish-sounding names reported to have been taken off the aircraft during its second visit to Beirut on Saturday. American officials feared that they could open warfare against the U.S. and a face a continuing hostage crisis, challenge to its national sovereigneven if the captives aboard the aircraft were freed.

An immediate question yesterday

As the red and white aircraft gan and hand-carried by a Shia Amwas whether the U.S. would put

As the red and white aircraft gan and hand-carried by a Shia Amwas whether the U.S. would put

day, anti-aircraft positions fired against an Israeli gunboat spotted offshore. Palestinian gunners in the hills overlooking the runway fired several rounds of rockets into southern suburbs north of the air-

"We remind the United States and Israel that we are not prepared to let go any of the remaining passengers. Our blood will be testimony to this, if there is any delay in the release of our brothers impri-soned in Israeli jails," a statement read by one of the hijackers said after the aircraft landed.

In a letter addressed to Mr Rea-

"We the undersigned 32 Americans on flight 847 tell you with complete freedom and under no pressure not to take any military action. We hope that negotiations will be accelerated to convince the Israelis to release 800 Lebanese they are holding," local radio stations reported. This was the first indication

Ambassador in Lebanon, was in direct contact with Mr Nabih Berri,

increase is of only 12 per cent.

nean programmes approved by EEC leaders last March.

Although the underlying growth

creation in poorer areas of the Com-

will mean an effective spending in-

crease of more than 50 per cent.

Editorial Comment, Page 14; Can Europe compete? Page 14

Eanes plans to consult Council of

State, Page 2

there were still 32 American hos-

no military action be taken for their The terrorists were reported to release. tiate on their behalf.

Others taking part in the talks were believed to include United Nations and Red Cross representatives and the heads of the British, French and Spanish diplomatic

missions in Beirut. Mr Reagan, who cut short his weekend at Camp David to deal with the crisis "face to face" at the tages on board. White House, said that he was "nat-The State Department said that urally" encouraged by the fact that Mr Reginald Bartholomew, the U.S. the drama had gone on for so long

without general destruction

Asked if it could be solved peacethe leader of the Amal militia, at whose Beirut house the negotia-

### **EEC** timetable for removal of barriers to common market

BY QUENTIN PEEL IN BRUSSELS

ferences in indirect taxation rates, in goods and services will be put to curity, immigration, taxation and ment EEC leaders for endorsement at their Milan summit this month. A comprehensive timetable for

more than 300 separate actions to overcome the physical, technical Cockfield, the European Commissioner responsible for the internal market.

The paper concludes that removing frontiers will require measures

the Milan meeting on June 28 and ternative measures to control ter-29 a document seeking the commit-rorism and drug-trafficking; scrapment of the 10 European heads of government to a radical acceleration in efforts to open up areas such as financial services, transport and public procurement, as well as remove continuing obstructions to policies.

The other key initiative it takes is

duties - and the call for complete vice sectors. oindood oo alli 13 "If we succeed, it will fundamen-

tally alter the face of Europe for the have a Europe which has lost its thrust and lost its initiative and be-The document is a direct re-

sponse to the call by EEC leaders in services. You cannot make a dis-March for a timetable to complete tinction between goods and the open internal market by 1992. vices," Lord Cockfield said.

SWEEPING measures to scrap all In spelling out the precise conse-frontier controls from the European quences of that move, however, it he insisted that the Commission of Community by 1992, settle wide dif-goes considerably further than was not seeking harmonisation of many member states have been Vat rates, but only approximation and remove all remaining restric-tions to a genuine Common Market tional controls over key areas of se-states at the likely extent of adjust-

and tax barriers to a single EEC not integrate the 12 economies into market over seven years was announced at the weekend by Lord long as you have these physical bar-

The Commission will submit to such as: approximation of taxes; alping national road hanlage quotas; removal of outstanding national import quotas, such as special deals for former colonies; co-ordination of immigration, visa and extradition

The most controversial proposals to remove any distinction between are an insistence on the need for re- barriers to trade in goods or serducing differences in indirect taxa- vices, in an effort to speed up libtion - value-added tax and excise eralisation in the financial and ser-

aimed not only at creating a single large market out of the EEC, but rest of our lifetime," Lord Cockfield one that was both expanding and said in Brussels. "If we fail, you will flexible. The paper emphasises the Com-

mission's commitment to mutual come very little more than a free recognition of standards between member states, rather than rigid harmonisation, for both goods and

The new currency the Austral

Neither the new corrency nor the

prices and wages freeze are men-tioned in the memorandum of un-

derstanding to the IMF published

last week. But Argentine officials have insisted that the measures

had been discussed with and ap-

proved by the Fund as a necessary "shock treatment" for the economy

led to the creation of one of the

Editorial Comment, Page 14

physical barriers to European industry was roughly estimated at Ecu 7bn (\$5.04bn) a year. "You cannot integrate the 12 economics of the cost of sion-making procedures in the Council of Ministers would have to be speeded up if the timetable set out in the document was to be set." "This is a subject which has simply got to be tackled," he said, while re-fusing to be drawn on how it should be done.

Immediate British reaction to the document was guardedly enthusiastic, but with obvious doubts both on the subject of indirect taxation changes, and the removal of all frontier controls.

A spokesman said the UK Government wanted to see an "action plan" approved in Milan that concentrated on the top priority areas: integrated financial services, freedom of capital movement, harmonisation of industrial standards and liberalisation of transport.

Britain is backed in its doubts over Vat approximation by both Ireland and Denmark. West Germany ed efforts to open up financial services without imposing very strict rules of security, while France and Italy are the main offenders against freedom of capital movements, by maintaining exchange controls.

The difficulty of maintaining adequate security against terrorism, and policing of drugs trade, is recognised by the Commission as a serious obstacle to be overcome in putting through the programme.

### **Budget proposes** 16.5% increase in spending

BY OUR BRUSSELS CORRESPONDENT

THE EUROPEAN Commission has submitted an Ecu 34.9bn (\$25.1bn) budget for the enlarged 12-nation European Community next year, which, in absolute terms, amounts to a spending increase of 16.5 per cent over the 1985 budget finally approved by Parliament last week.

This preliminary draft budget, sent by the Commission to the EEC Council of Ministers and the European Parliament, shows a sharp switch in emphasis from agricultural spending in favour of regional and social policies.

It also includes for the first time a

provision of more than Ecu 420m to allow for depreciation of the huge EEC farm surpluses in storage, currently valued at Ecu 8hn. If ap-proved, the money could help off-load some of the old stocks of butter

and beef at cheap prices.

The spending plans allow for a British rebate of Ecu 14bn in line with last year's Fontainebleau agreement to reduce Britain's payments by two-thirds of its net VAT

If the extra spending for next year's new members, Spain and

CAN ELIDODE CATCH HD2 IS EUROPE falling farther and farther behind the rest of the industrialised world? What are the real causes of its flagging industrial performance? What can be done to lighten the gloom which has settled

three years? Today the Financial Times launches a major new series which sets out to answer these questions.

over Western Europe in the past

Over the next four weeks articles will cover a range of issues from Europe's labour market to the new breed of entrepreneurs, from the ms of intra-European collaboration to the reasons why some European companies are world leaders.

The introductory article - A Divided Continent in Search of its Lost Vitality - appears on Page 14.

#### Car groups join row on exhaust emissions

By John Griffiths in London

EUROPE'S motor industry has united to tell the president of the Eu-Portugal, is excluded, however, the ropean Commission, M Jacques De-Most of the rise in spending is lors, that the Commission's proproposed for special measures to posed standards for car exhaust step up regional and social programmes, and for the Mediterra-

The manufacturers' joint intervention adds a significant new ele-Agricultural price support, which ment to a planned meeting of envir-still accounts for more than 60 per onment ministers on June 25, at cent of the budget at Ecu 20.4bn, is which a renewed confrontation is none the less restricted to an in- already expected between West crease of only 2.4 per cent, includ- Germany and other member states ing the reserve for depreciation of over the Commission's proposed standards

Even the West German motor inrate of the social and regional funds

- devoted to special spending projects for infrastructure and job

rement and environmentalist job eroment and environmentalist pressures have mounted, and which munity - is kept to 7.1 per cent, reserves totalling Ecu 1.35bn have
been set aside for them. The money
M Delors.

The UK Minister, Mr William Waldegrave, has already launched a Continued on Page 16 fierce attack on the Commission's -proposed standards, which he says undermined an agreement reached between the ministers in March. They agreed that the standards would be set at a level which would allow relatively cheap "lean-burn" engine alternatives to three-way catalysts to be developed for m um-sized cars, although it was accepted that catalysts would be needed on cars over 2 litres.

Instead, said Mr Waldegrave, those proposed by the Commission not only rule out the lean-burn alternative but are so stiff they would require companies like Jaguar to re-engineer even their catalyst-equipped cars which already meet stringent U.S. standards. Under the

Continued on Page 16

### Argentines asked to back wages freeze

equal \$1.25.

in the world.

by Jummy Burns in Buenos Aires

THE GOVERNMENT of Argenti- crisis and that drastic moves had to na's President Raul Alfonsin has be taken. launched an unprecedented nationwide publicity campaign aimed at will be equivalent to 1,000 pesos and securing public support for its drastart off at 80 Austral cents to the conian anti-inflation measures U.S. dollar, that is one Austral will which were announced late Friday

The move came against the background of growing opposition from the General Confederation of Labour, the main trade union organisation, and confirmation that local banks would be closed today and possibly tomorrow to safeguard against a repetition of last week's panic withdrawals of deposits by worried investors.

During the weekend, television, ersquewen lanoitan lia bns offis carried spot advertisements and regular statements by Government officials, defending the introduction of a new currency, and a prices and wages freeze, with the slogan "to get out of the crisis we need the cooperation of all Argentines."

In a broadcast on Friday night, President Alfonsia announced a "battle plan" to deal with the country's 1,000 per cent annual inflation rate. He warned that the survival of Argentina's democracy was in danger as a result of the economic

### tough line on banks

By David Lascelles, Banking Correspondent, in London THE BANKING authorities

taken on by banks.

the colony they are proposing that such liabilities should have a weighting of one. That means they would rank as full assets and would have to be backed by the same

supposed to provide a measure of the risk taken on by a bank in pro-

Bank of England's move.

Continued on Page 16

# HK takes

Hong Kong, the world's third larg-est financial centre, are taking a tough line on the rapidly growing business of contingent liabilities In a note circulated to bankers in

respectively by the Fund as a necessary "shock treatment" for the economy and is consistent with a tight fiscal and monetary policy along more orthodox lines.

Persistently high inflation rates in Argentina have provoked serious distortions in prices and wage levels, undermined productivity and led to the creation of one of the supposed to provide a measure of an outline to capital as actual loans.

The weighting is double the 0.5 set recently by the Bank of England, the first bank supervisory authority to tighten up the treatment.

most widespread "black" economies portion to its capita Contingent liabilities include No Austral notes are expected to guarantees and standby credits, or be issued for at least two months. but all local trading has begun to be other commitments by banks to lend money in given circumstances. quoted in the new currency from lend money in given circumstances, this weekend. The central bank will including the new note issuance facilities (NIFs) now popular in the soon be circulating peso notes Euromarkets, which triggered the Continued on Page 16

# LIVE CONTACTS. DEAD EN

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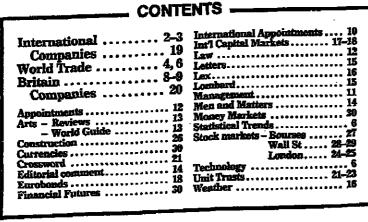
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### Kohl flounders as old Silesia comes to life

THE OLD Silesia of pre-1945 Germany came to life again here for just two days this weekend—long enough to give Chancellor Helmut Kohl one of the most uncomfortable experiences since he became leader more than 21 years ago.

His hour-long speech yester-day was the climax of this year's rally of the associations repre-senting survivors and descendants of the 3m ethnic Germans driven westwards after World War II after being expelled with brutal finality from their province which is now part of

The occasion, in this 40th anniversary year of the destruction of Nazi Germany, was as laden with frustration and emotion as its setting a packed pavilion at the Hanover industrial fair grounds, is usually clinical and impersonal.

Many beforehand had coun-selled Herr Kohl to stay away given the impossibility of both satisfying the nostalgic longings of his immediate audience, while not giving offence to

Poland, and further damaging the chances of healing old wounds. In the event, those fears almost certainly were justified.

As he was obliged to, the Chancellor had something for everyone. The "German question," he maintained, was still open. The 1970 treaty between Bonn and Warsaw neither pre-empted a formal peace settle-ment of the war, nor did it place the present frontiers of Poland and Germany on a

#### Respectful

But, Herr Kohl emphasised one forced migration cannot be reversed by another in the opposite direction." Silesiz to-day was mostly inhabited by Polish families who had made it their home. "We will not call this into question."

As his audience listened sullen but mostly respectful, the Chancellor emphasised how West Germany and Poland had agreed that the "territorial integrity and sovereignty of all

European states in their present borders " was an essential pre-condition for keeping the peace. He did promise to press He did promise to press Warsaw to guarantee the human Warsaw to guarantee the human rights of the 700,000 to 800,000 ethnic Germans left in Silesia, and their right to leave Poland if they wished. Bonn moreover desired more exchanges, of young people particularly, to help bring about lasting reconcilization of the two peoples. But in the meantime, former

But in the meantime, former Silesians should concentrate on keeping alive the memory of their lost Heimat, whose culture and spiritual tradition formed part of German history. In concrete terms, Herr Kohl could offer little, and hardly enough to satisfy his charged audience.

He had entered the hall to tumultuous applause as belitted the first federal Chancellor in 20 years to address a Silesian gathering. His mood, however, changed swiftly and visibly for

the worse.

Before he spoke, Herr Kohl
had to listen, tight mouthed and
blinking nervously, while the
elegant, silver-haired Herr Her-

bert Hupka, chairman of the Ventriebene or expelee association, scattered phrases like landmines across the field of most German-Polish relations.

German-Polish relations.

"The capital of Silesia is still called Breslau," Herr Hupka proclaimed to an enraptured applause. Certainly, he wanted reconciliation with Poland, and the Silesians had renounced any use of force. "But the Federal Republic of Germany is not the definitive Germany; the real Germany is bigger."

While the Chancellor set out

his Government's official posi-tion once more, he was heckled by pockets of far right neo-Nazi protestors, for whom Silesia was not merely unjustly lost to Germany, but also has to be regained. Widerstand."

"Widerstand, resistance, they chanted, scattering leaflets accusing Bosm of treachery in letting Silesia go. Numerically they were few—50, maybe 100 out of the 12,000 perhaps in the half—but it was in their direction that the TV cameras enviralled.

swivelled.
On Saturday the atmosphere

Some chattered animatedly in small groups, swapping gossip and photographs of dead relatives and lost family homes in an earlier Germany — in cities with disappeared names like Breslan. Trebniz, Oppeln, and Hirschberg. Some, who were very old, sat silently, lost in thought.

#### Traditional

In the background bands played traditional music and, in the atmosphere of a village fete, West Germany's small "Silesia industry" — pedding anything from tee shirts and history books to exotically named sausages the Graupenwurst and Semmelwarst from the lost homeland — made a small fortune. Girls in tradi-tional long skirts and lace bon-nets danced, while young men

was very different. In the cold rain they had gathered, up to 150,000 of them, to remember: mostly old people, from every corner of the post-war West i Germany where they had made new homes.

Some chattered animatedly in small groups, swapping gossip and photographs of dead relatives and lost family homes in a Europe of free peoples' beamed forth from behind the speakers' podium.

Silesia is not yet lost" read another banner opposite. But

والمرابعة المرابعة الم

"Stlesia is not yet lost" read another banner opposite. But the tangible frustration and emotion of Sunday suggested nothing so much that many present knew it was lost. In 20 years' time, few will be alive who have any detailed recollection of home beyond the Oder-Neisse line.

"What a sorry spectacle; I should have stayed at home. He (Rohi) did not have much to effer, and the Poles have gut it now," someone said, typically, among the thousands streaming away after the Chancelior had spoken. Then it was back to the sausages, the dancing, dreary discussion of the eternal "German question" — and to the memories.

### Swiss bankers fight **OECD** attempt to ease bank secrecy

BY WILLIAM DULLFORCE IN GENEVA

Co-operation and Development a draft recommendation calling on governments to smend bank secrecy regulations so that information can be passed across frontiers to tax authorities.

ties.
The Federal Council (government) is understood to favour abstaining from voting in the OECD council rather flan apply a veto. A veto would halt any further consideration of the

any further consideration of the recommendation.

The issue is to be deltated in the Swiss parliament today after interpolations by two members, One, from Mr Paul Eisenring, a Christian Democrat MP, asks for a "clear and determined rejection" by the Swiss OECD delegation.

The draft recommendation, formulated by the OECD Fiscal Affairs Committee, does not mention Switzerland but Swiss bankers have no doubt that it is directed essentially at their country.

The bankers note that it is

supported by file U.S. and is regarded as one more example of pressure on Swiss legal

SWISS bankers are urging Justice has on several occasions their government to veto in over the past few years pressed the Organisation for Economic Switzerland to hand over Co-operation and Development information available in Swiss a draft recommendation calling banks and needed in prosecution governments to amend bank ing tax fraud cases in U.S.

courts.

Under Swiss law the banks are prohibited from divulging information about customers, unless ordered to do so by 2 magistrate investigating a criminal case. Lest year the Swiss electorate in a referen-dum rejected proposals to relax banking secrecy.

The OECD recommendation

The OECD recommendation asks governments to amend bank serrecy provisions "with a view to increasing the availability of information to tax authorities." It also calls on them to develop "exchanges of bank information" under double taxion corrections.

The OECD Council is due to consider the recommendation early next month. Its approval would not be legally binding but

would not be regard partialize for action by governments.

If the Swiss Federal Council complies with this request, Austria, Luxembourg and ether overeignty. about the recommen The U.S. Department of likely to follow suit.

### Eanes plans to consult Council of State

search for a solution to Portu-gal's government crisis.

Major parties, from the pro-Soviet Communists to the Christian Democrats, have urged General Eanes to dissolve have parliament two years early and set a date for a ballot to settle the upheaval caused by the resignation of the Social Democrats from the two-year-old

The only exception is the tions at the end of the year, he Socialist party of Sr Mario contends they would merely Soares, the Prime Minister, who launch Portugal into a pro-

paign that will paralyse government decision-making during the crucial preparation period for Portugal's entry into the EEC

in January Early parliamentary elections would not result in a significant shift in the party political balance of power, the Prime Minister argues with the support of several polls. Followed by Presidential and local elec-

Interest Rate Change

from close of business on 14th June 1985,

its Base Rate was decreased from 123% to 123% p.a.

Head Office - Britain: 64/66 Coleman Street, London EC2R 5AL Tel: 01-588 0691

Allied Irish Banks pic announces that with effect

Allied Irish Banks

PRESIDENT ANTONIO has emphasised the high costs tracted period of divisive cam-Ramalho Eanes will consult the of throwing Europe's poorest paigning with highly damaging country into an election cam-General Eanes's own inclinations appear to lean away from the upheaval of an early election that he must call before July 14, six months before the end of his second five-year term. But the opposition of major parties apart from the Socialists could make any other solution includ-

> executive unworkable. Portugal's economic situation will weigh heavily in Gen Eanes's decision. Sr Vito Con-

stancio, the Governor of the Bank of Portugal, has informed the President that the country's gold and dividend reserves increased by Esc 135bn (\$770m) between January and May. But he said the government crisis was already having a negative

effect. The implication is that after two years of tough austerity that have averted a foreign debt ing the minority Socialist government or a Presidential crists and posed the country for gradual industrial and agricultural modernisation, a new political crisis is again threaten-

#### COMPANY NOTICES

#### COMPANIES ACT, 1963 JEFFERSON SMURFIT GROUP PLC

CLOSURE OF REGISTER Notice is hereby given pursuant to Section 121 of the above Act that the Register of Members of Fefferson Smurfit Group public limited company will be closed from 20th June, 1985 to 28th June, 1985, both days in-

Dated this 14th day of June 1985 M. R. J. PETTIGREW

and branches throughout the country. Tenders must be lodged at the bank of england, new issues (A), wailing street, london ecam gaa not later than 10.00 am on hursday, 20th June 1988, or at any of the branches of the bank of ENGLAND ON AT THE GLASGOW AGENCY OF THE BANK OF ENGLAND NOT LATER THAN 3.30 PM ON WEDNESDAY, 19TH JUNE 1985

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This Stock is an investment failing within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive tenders for the above Stock.

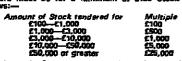
The principal of and interest on the Stock will be a charge on the National Loss Fund, with recourse to the Consolidated Fund of the United Kingdom. The Stock will be repaid at par on 8th May 1990.

Interest will be payable half-yearly on 8th May and 8th November. Incomwill be deducted from payments of more than £5 per annum, interest wai will be transmitted by post. The first interest payment will be made or November 1985 at the rate of £1.1590 per £100 of the Stock.

Tenders must be todged at the Bank of England, New Issuez (A), Watting Street, London EC4M SAA not later than 10.00 AM ON THURSDAY, 20TH JURE 1985, or at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England not later than 3.30 PM ON WEDNESDAY, 19TH JUNE 1985. Tenders will not be revocable between 10.00 am on Thursday, 20th June 1985 and 10.00 am on Tuesday, 25th June 1985.

Each tender must be for one amount and at one price. The minimum price, below which tenders will not be accepted, is £75.75 per cent. Tenders must be made at the minimum price or at higher prices which are muttiples of 25p. Tenders lodged without a price being stated will be deemed to have been made at the minimum price.

Tendera must be accompanied by payment in full, i.e. the price tendered (minimum of E75.75) for every £100 of the nominal amount of Stock tendered for. A separate theque must accompany each tender; cheques must be drawn on a bank in, and be psyable in, the United Kingdom, the Channel Islands or the late of Man.



Her Majasty's Treesury reserve the right to reject any tander or part of any tender and may therefore allot to tenderare less than the full amount of the Stock. Tenders will be ranked in descending order of price and allotments will be made to tenderare whose tenders are story above the lowest price at which Her Majasty's Treesury decide that any tender should be accepted (the allotment price), which will be not less than the minimum tender price. All allotments will be made at the allotment price: tenders which are accepted and which are made at the allotment price will be allotted in full; tenders made at the ellotted in the story of the Board of Stock not allotted to tenderare will be allotted at the dilotment price to the Governor and Company of the Beak of England, issue Department.

to the Governor and Company of the Benk of England, issue Department.

Lotters of allottment in respect of Stock ellotted, being the only form in which the Stock may be transferred prior to requestration, will be despatched by post at the risk of the transferred, but the despatch of any letter of allottment, and the redund of any excess amount paid, may at the discretion of the Bank of England be withhold until the winderer's cheque has been paid. In the event of such methodolog, the tenderer will be notified by letter by the Bank of England of the acceptance of his tender and of the amount of Stock ellocated to him, subject in each case to payment of his cheque, but such actification will confer no right on the tenderer to transfer the Stock so allocated. well confer no right on the tenderer to transfer the Stock to allocated.

No allotment will be made for a less amount than £100 Stock. In the event of partiel allotment, or of tenders at prices above the allotment price, the excess amount paid will, when refunded, be remitted by cheque despected by post at the risk of the tenderin; in on allotment is made the amount paid with tender will be returned likewise. Non-payment on presentation of a chaque in respect of any Stock allotted will render the allotment of such Stock libble to cancellation interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in stering (\*LIBOR\*) plus 1 per cent per annum may, however, be charged on the amount payable in respect of any affortment of Stock for which payment is accepted after the due date. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for such payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate.

England and/ Consider appropriate.

Latters of allotment may be spir into denominations of multiples of £100 on written request received by the Bank of England. New issues. Westing Street, London £CAM 9AA on any data not later than 24th July 1985 Such requests must be signed and must be accomplaned by the letters of allotment. Letters of allotment, accompanied by a completed registration form, may be lodged for registration forthwith and in any case they must be lodged for registration for the later.

Tender forms and copies of this prospectus may be obtained at the Bank of England, New Issues, Watting Street, London, ECAM SAA, or at any of the Branches of the Bank of England, or at the Glasgow Agency of the Bank of England, 25 St. Vincent Place, Glasgow G1 228; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Cattender Street, Bellest, BT1 58N; at Mullens & Co., 15 Moorgate, London, EC2R SAN; or at any office of The Stock Exchange in the United Kingdom.

Government staffment
Attention is drawn to the statement issued by Her Mejesty's Treasury on 29th
May 1985 which explained stat, in the interest of the orderly conduct of fiscal
policy, neither Her Mejesty's Government nor the Bank of England or their
respective servants of agents undertake to disclose tax changes decided on
but not yet announced, even where they may specifically effect the turms on
which, or the conditions under which, this Stock is issued or sold by or on
behalf of the Government or the Bank; that no responsibility can therefore be
accepted for any omission to make such disclosure; and that such amission
shall neither finder any transaction liable to be set aside nor give rise to any
claim for compensation. BANK OF ENGLAND, LONDON, 14th June 1985.

#### THIS FORM MAY BE USED TENDER FORM

This form must be lodged at the Bank of England, New Issues (A). Watting Street, London EC4M SAA not later than 10.00 AM ON THURSDAY, 20TH JUNE 1985, or at any of the Branches of the Bank of England or at the Gisegow Agency of the Bank of England (25 St Vincent Place, Glasgow G1 2EB) not later than 3.30 PM ON WEDNESDAY, 19TH JUNE 1885.

ISSUE BY TENDER OF £400,000,000

# The Stock will be repeiled at par on our may hard. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfers will be free The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free The Stock will be registered at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free

MINIMUM TENDER PRICE £75.75 PER CENT.

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND I/We tender in accordance with the terms of the prospectus dated 14th 1985 as follows:---Amount of at and in a multiple :

Amount of Stock Multiple £100 £500 AMOUNT OF STOCK £1,000—£3,000 F3 000-E10.900 £1,000 £ 2. AMOUNT OF PAYMENT (a) payment in full, i.e. the price tendered (middenum of 125.75) for every £100 of the nominal amount of Stock randered for (shown in Box 1 above):—

The price tendered per £10	3. TENDER PRICE (B)			
nultiple of 25p and not less the motor price of £75.75:—-	£	:	p	
t/We request that any letter/us be sent by post at my/or	er of allotment in urnsk to me/us at	respect of S the address	Stock alk shows be	uted How.
	TUREon behalf of, tendere		······	
LEASE USE BLOCK LETTERS				
MR/MRS FORENAME(S) MISS	IN FULL	SURNA	ME	
FULL POSTAL AUDITERS:				-
POST-TOWN	COUNTY	POS	TCODE	

#### UN agricultural fund may tap commercial markets BY ANDREW GOWERS IN ROME

THE International Fund for Agricultural Development visit to Washington 10 days (IFAD), the beleagured United Nations agency which aims to assist peasant farmers in the Third World, is to consider the possibility of tapping commercial markets for supplies in the 180 peniasts in 94 development in 180 peniasts in 94 development cial markets for funds in the face of the continuing crisis over donations from its mem-

Senior fund officials said in Rome at the weekend that this was one of a series of options likely to be considered in a wide ranging review of the organisation's structure, activities and finances in coming

They stressed, however, that e immediate priority for Mr Idriss Jazairy, the fund's Algerian President, was to try and obtain agreement on an overdue second replenishment from denors, which include 20 industrialised nations and 12 oil producing states.

Negotiations on contributions for the next three year period starting in 1985 began two years ago, but have become deadlocked over the U.S.'s refusal to accept a funding

donors earlier this year. Washington insists that the compromise, under which members of the Organisation of Petroleum Exporting countries would cut the proportion of the Fund's total capital which they supply, represents an unacceptbetween developed and oil producing states on which the lished.

operation, IFAD has financed 160 projects in 84 developing countries at a cost of \$8bn (£6.3bn) of which \$2bn came from its own resources and the rest was mobilised by other ors or the recipient countries themselves.

It has attracted considerable praise as one of the few agencies specialising entirely in the long term development of Third World agriculture as opposed to emergency relief. However, it seems certain that, even if the current fund-

ing dispute is reserved, IFAD will have considerably less money at its disposal than hitherto. The latest compromise hitherto. The istest compromise proposals, considered at a meeting in Rome last month, would give it a replemisiment pitaling \$600m over the three years ending in 1987 — less than 60 per cent of the total for the pre-

Mr Jazziry intends to ask members—possibly at a meeting of IFAD's governing council next January—whether it could be allowed to supplement funds received from them with compression harmonies. with commercial borrowing. Officials emphasise that this could at best be only a partial solution, as all IFAD's lending

sional territie. Donors will also be asked to rand was originally estab reconsider the basis of IPAD's funding, particularly in view Mr Jazziry said he could of the worsening financial diffietect no change in the Reagan culties of many Opec countries.

#### IEA warns on capacity

#### Output 'threatened by shortage of power plants'

BY IAN HARGREAVES

Agency.

The agency says electricity the report argues that there demand could grow in the next could be scope for more competition between bulk generally and 3.7 per cent a year. It is a feet the competition could lead to more competition. surplus power station capacity, typically between 5 and 15 per

a year to power station capacity up to 1990 and only 1.2 per cent a year from 1990 to 1995.

11.7 years to build the average nuclear plant, compared with 5.9 years a decade ago. For a solid fuel plant, construction time has increased from an average 4.8 years to an average 6.4 years. Performance, however, varies

greatly between countries—13.4 years for a nuclear plant in the U.S., against 5.9 years in France. The agency says this indicates there is much room for improvement by simplifying administrative procedures.
The report also urges action in other key areas: 6 Prices and regulation; Prices should reflect the full cost of

MANY electric utilities could producing electricity. Italy, find themselves short of Portgual Spain and Turkey are capacity in the 1990s if plant criticised for holding down construction times continue to prices in the interests of social, construction times continue to prices in the interests of social, lengthen and demand for electricity turns out to be slightly higher than expected.

This warning note is sounded today in a comprehensive review of the electric power industry published by the Parisbased International Energy deficition and distribution of electricity? Parisbased international Energy deficit into the transmission and distribution of electricity?

• Trade: more steeds to be typically between 5 and 15 per cent according to the study, the agency thinks more power stations are needed.

Changing environmental pressures and the economics of different fuels make many stations ripe for replacement, utilities. This would cut costs it says. On current plans, the IEA countries (the main developed countries except France) will add 2.3 per cent a year to power station canacity station poliution, but they

necessary to reduce power station polintion, but they should be "as clear and predictable as possible."

• Research: more than 87 Simplicity

"The existence of surplus into nuclear power. The IEA capacity should not be allowed to prejudice decisions to go ahead with more economic new capacity," the report says.

The study notes a steady research into improving the enclass on tast to build new stations. It takes to build new stations. It takes power generation, enhancing safety procedures and developments are plant compared with the states of the safety procedures and nevelop-ing battery storage systems.

In a country by country re-view, the report singles out several issues for attention in each. The UK is criticised for

> sales agents. FIRANCIAL TIMES, USPS No. 190840, published daily except Sundays and holidays. U.S. subscription rates \$420.00 per ganeni. Seared class postage paid at New York NY and at additional maring offices. POST-MASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 19022.

ineffective central co-ordination of its industry. Electricity in IED countries.

Issue and outlook, From OECD

#### Italy's trade deficit widens ITALY'S TRADE deficit is con-

tinuing to worsen, widening in April to L3,345bs (\$1.7bn), nearly double the level of April, nearly double the level of April, 1984, and close to the record monthly trade deficit of L3,518tin last November, Alan Friedman writes from Milan. The April deficit, caused largely by rising energy imports, brings the total for the last four works of this year, to nonthly trade deficit of equilibrium in April out heavy 1.3,518tin last November, Alon Priedman writes from Milan.

The April deficit, caused largely by rising energy imports, brings the total for the ports, brings the total for the first four months of this year to L11,554bn (\$5.95n). This is equilibrium in April out heavy energy imports resulted in a 21.4 per cent rise in total cuports increased by only 9.4 per cent to L11,016bn. The April deficit was 40 per cent higher than the 1.2,5835n March deficit.

equivalent to 60 per cent of lust year's record trade deficit of

nearly L19,000bn.
Trade in manufacturered and other products, was roughly in equilibrium in April but heavy

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### THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCK DESCRIBED BELOW IS NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND, OFFICIAL DEALINGS IN THE STOCK ON THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON MORDAY, 17TH JUNE 1985.

#### ISSUE OF GOVERNMENT STOCK

The Bank of England announces that Het Majesty's Treasury has created on 14th June 1985, and has issued to the Bank, an additional amount as indicated of the following Stock: \$200 million 24 per same INDEX-LINKED TREASURY STOCK, 2613 The price peld by the Bath on issue was the middle market doding price of the Stock on 14th June 1988 as certified by the Government Broker.

closing price of the Stock on 16th June 1888 as certified by the Government Broker.

The amount issued on 14th June 1888 represents a further tranche of the Stock, ranking in all respects part passes with the Stock and subject to the terms and conditions of its prospectus (save as to the particulars thereis which related solely to the initial sate of the Stock), and subject also to the provision contained in the final paragraph of this notice. Copies of the prospectus for the Stock dated 15th February 1985 may be obtained at the Brits of England, New Issues, Watling Street, London, ECAM YAA.

Application has been made to the Council of The Stock Exchange for the further tranche of the Stock to be admitted to the Official List.

The Stock will be repaid on 16th Angust 2013 (provision is made in the prospectus for steckholders to be official in the right of early redemotion under certain einstances). Interest is payable half-yearly du 18th February and 18th August. The further tranche of the Stock will rank for the interest payment of 1,2250 per cent due on 16th Angust 1985 on the entiting Stock.

Both the principal of and the interest on the Stock are indexed to the General Index of Retail Prices. The Index figure relevant to the month of publication. Theindex figure relevant to the should of issue of the Stock is that relating to the June 1984 (301.5). This Index figure will be used for the purposes of calculating payments of the Stock are indexed to the Stock are indexed to the Stock are indexed to the Stock is that relating to the purposes of calculating payments of principal and interest due in respect of the further tranche of the Stock are at follows:

of the Stock.

The relevant index figures for the half-yearly interest payments on the Stock are as follows:

Relevant Index figure

Relevant Index figure

Relating to February

July of the previous year

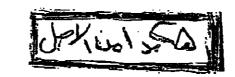
August

January of the same year

Government statement

Government statement.

Attention is drawn to the statement issued by Her Majesty's Treasiry on 28th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents indertake to disclose any changes decided on but not yet aunounced, even where they may specifically affect the terms on which, or the conditions under which, this further transhe of stock is issued of sold by or on behalf of the Government or the Benk! that no responsibility exit therefore be accepted for any emission to make such disclosure; and that such enviseder any transaction liable to be set aside nor give fire to any claim for competitation. claim for competitation.
BANK OF ENGLAND
LONDON



**Panama** 

debt and

reschedules

PANAMA has achieved the

unique distinction of being the

first Latin American nation to

launch an international bond issue at the same time as it agreed a \$880m debt reschedul-ing package with its main bank

\$20m, seven-year floating rate note issue for Panama which will be placed privately with in-vestors and listed on the London stock exchange.

The floating rate note issue is entirely separate from the rescheduling package and bankers say it marks an encouraging if modest sign of investor interest

in voluntary lending to a country which faces a re-scheduling. Panama's total debt

is \$3.70n.

Bank of America, which chaired the bank creditors nego-

tiating committee with Panama, said on Friday the rescheduling

package includes a \$60m, nine-year loan bearing interest at a

margin of 17 per cent over London Eurodollar rates or 12

# ers fight

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flay June 17 1985

### Police use tear gas as Soweto marks uprising

BY ANTHONY ROBINSON IN CAPE TOWN

POLICE FIRED tear gas to disperse a crowd of several thousand people outside the Regina Mundi church in Soweto last night after a group of youths leaving a service to commemorate the ninth anniversary of the 1976 Soweto uprising threw stones at police the speaked by speawers from the

The incident, with no casualties reported, followed a fourhour commemorative service
during which black clerics, politicians and trade union leaders
appealed for an end to intrahlack violence and unity in the
struggle against apartheid.
Bishop Desmond Tuty speak.

Bishop Desmond Tutu, speaking before a packed audience of around 4,000fi appealed to blacks "not to dishonour our

the main opposition parties that the law was the first step to-wards the establishment of a

police state. However, there is widespread apprehension about

the longtime effects of the law. There has already been a major clash with the European Community over the legislation,

after the Community made it known that the law would destroy the credibility of Turkey's claim that it was making a steady transition back

to parliamentary democracy.

The law will give the police

wide discretionary powers, including the right to use force and to prevent possible offences being committed. Legal sanctions for police abusing their

powers have been softened and the police force will pay for the defence of any policeman who goes on trial because of his professional conduct.

Persons without adequate

identity cards, couples walking

arm in arm, anyone under the influence of alcohol or im-

front of delicate negotiations normal after ten months of al aimed at ending the feud be- most daily rioting. tween the anti-apartheid um-brella organisation, the United Democratic Front (UDF), and around the country.

backed by speawers from the two main trade union fereda-tions, the Council of Unions of

The Soweto anniversary is one of the most emotive dates in South African history, recalling the uprising by black students on June 18, 1976, against a government decision to use the Afrikaans language for instruction, when nearly 600 lives were lost.

martyrs and undermine our righteous, just and noble strugble for freedom by violent conflicts which discredit our cause."

The bishop and other church leaders have been in the fore-

most daily rioting, stonethrowing and arson in townships

Earlier the police had warned about the possibility of bomb and other attacks by units of the banned African National Congress (ANC) to coincide both with Soweto Day and the opening of a special ANC congress in an unspecified southern African country.

South Africa today instals an interim government in the dis-

amind pomp and ceremony and despite international antagonism. Reuter reports from Windhoek.

government powers except security and foreign affairs to a loose coalition of black and

#### Turkish police win drastic Baghdad-Basra highway' new powers

AFTER stormy scenes in the Turkish Parliament, the Ankara Government has pushed through legislation giving drastic new powers to the police force. Mr Turgut Ozal, the Prime Minister, denounced claims by

sive in this region last March and despite suffering heavy casualties was successful in capturing a narrow slice of Iraqi territory. Western military sources in Baghdad believe that Iran may even have been able to hold on to several positions on firm land just east of the Tigris river.

In this region last March Hussein amnounced that Iraq was suspending its air raids on that the regime could reconsider its attitude towards peace negotiations. Iran reported yesterday that 715 people had been killed or wounded during a series of Iraqi raids on its cities on Iraq has not confirmed an Friday.

IRAN claimed yesterday that Iranian offensive but military its forces had penetrated to communiques spoke of heli-within 4 miles of the highway which links the Iraqi capital of missions east of Basra and Baghdad with the southern port of Rasra.

It has been confirmed in

square miles of territory had hit the capital on Saturday and been seized in an offensive several border towns were also launched in the Hawizah marshes on Friday night.

The Iranian attacks came

#### **UN 'would have considered** using force to free Finns'

BY OLLI V. YIRTANEN IN HELSINKI

UNITED NATIONS troops in Lebanon would have considered a military option if all other efforts to release 21 Finnish

pt military rescue mission would mail provided a judge issues an authorisation. Previously only Turkey's intelligence sarvices were able to do so. Powers of which government officials said had placed a "heavy strain on Finnish-Israeli relations." arrest and search have been

widened

Mr Necdet Calp, the main opposition leader in parliament who was previously permanent under-secretary in the Prime Minister's office, has described the law as "a torturer's charter." The Government says the law is necessary to combat the strip in the defection of 11 SLA militiamen to the Shi'ite Amal militia. The SLA accepted that militia. The SLA accepted that terrorism and permit the lifting the men had defected volun-

The future of UN forces in Lebanon will be discussed this week in New York when Mr Perez de Cuellar, the Secretary General, has received a full report on the incident. Mr influence of alcohol or the properly dressed can be detained for up to 24 hours. Police will not have to show identity cards even when in plain clothes.

The police will be able to the properly dressed can be troops held by the Israelity report on the incident, mr backed South Lebanon Army Urquart commented at a news conference here that while the impact there could be circumstant to report on the incident, mr brian Urquart, the UN assistant secretary general, told impact there could be circumstant to report on the incident, mr brian Urquart, the UN assistant secretary general, told impact there could be circumstant to report on the incident, mr brian Urquart commented at a news conference here that while the impact there could be circumstant to report on the incident.

sion of their mandate. AP adds: President Koivisto of Finland sent a telegram to the Finnish Unifil battalion thanking the peace-keepers for the "admirable discipline and self-control" they showed throughout the drama.

The Finnish Government held a low profile throughout the eight day seizure of the Finnish soldiers trusting the persona pledges of Israeli Govern leaders that Israel would look after the "lives, health and " of the hostages.

## white politicians.

floats bonds By Peter Montagnon, Euromarkets Correspondent

interim government in the dis-puted territory of Namibia,

Windhoek, Tight security is evident in Windhoeck, the capital, where South African President Mr P. W. Botha will hand over all

## Iran 'within four miles of

BY OUR MIDDLE FAST STAFF

Baghdad with the southern port the Tigris.
city of Basra.
It has been confirmed in
Tehran said that over 60 Baghdad that an Iranian missile

Iran launched a major offen-sive in this region last March Hussein amnounced that Iraq

### Sarnay dilemma over IMF demand

BY ANDREW WHITLEY IN RIO DE JANERIO

days on deep public expenditure cuts being demanded by
the IMF, to allow negotiations
on a new standby loan to
resume next week as planned.

After two weeks of gruelling
negotiations an IMF technical
Doellinger, a senior finance
negotiation terms accorded by

team left Brazil for Washington on Friday, leaving President Jose Sarnay with the most difficult dilemma his three-monthold government has faced.

If he agrees to cut state spending over the remaining six months of this year by up to Cru 70,000bn (\$12.3m or £9.6m

The package, which involves rescheduling of \$605m in debt falling due this year and next as well as new \$60m medium term at todays exchange rate) as the IMF would like, President Sarney risks pushing Brazil back into recession and alienatloan, follows agreement in April with the International Monetary Fund on a \$120m, two-year standby loan.

Separately, Citibank said over the weekend it is arranging a \$20m, seven-weekend greating rate. ing his political supporters.

But if he attempts to compromise and allows the negotiations to drag on, Brazilian

Manitoba laws

overturned by **Supreme Court** By Robert Gibbens in Montreal

THE SUPREME Court of Canada, in a unanimous deci-sion, has found thaat 4,500 laws enacted in the Province of Manitoba between 1890 and 1982 are unconstitutional and

must be translated into French and re-enacted in the provincial legislature.

The landmark decision means that Manitoba legally returns to a bicultural and bilingual pro-vince, as it was before joining Confederation more than a

per cent over U.S. prime.

Medium-term debt falling due
up till the end of 1986 is to be
rescheduled over 12 years at a century ago.

Then the population was half English-speaking and half French-speaking. Later, as hundreds of thousands of imministration of the control of th margin over 15 per cent over Eurocurrency rates or relevant domestic rates. Banks are also being asked to maintain \$217m grants poured in from Ontario and Britain, the French-speakin short term credits to provide working capital, money market lines and finance oil imports. The country's 175 creditor banks are being asked to reply to the proposals by July 8 schools. lines and finance oil imports.
The country's 175 creditor
banks are being asked to reply
to the proposals by July 8

THE BRAZILIAN Government officials believe there is a the usual one month before the tions. has to decide in the coming serious risk that the \$16bn in programme is presented to the

Doellinger, a senior finance ministry official and member of the Brazilian negotiating team, some difficult points remain to be settled but the first round of discussions did produce a "general understand-

Chairman of Goodyear

attacks Reagan tax plan

roviding the Brazilian Government overcomes this week's hurdle on public expenditure exclusively on the country's multiple sector defeit new arts. cuts the envisaged timetable is the following: negotiations will resume next week or in the first week of July to draft the

man of the Goodyear Tyre Group, has delivered a blister-ing attack on President Reagan's latest tax proposal, saying it will have a negative

impact on jobs, economic growth and the ability of U.S.

manufacturers to compete inter-

equipment as quickly as possible to improve competitive-

Mr Mercer's comments are by

far the strongest public de-nunciation of the Administra-tion's tax proposal by a chair-man of a leading U.S. corpora-tion. He was speaking for the Coalition for Jobs, Growth and

letter of intent. These talks There is little disagreement fire is have to be completed by mid-with the IMF on the external independent of payments projectors.

nationally.

extension of bank debt re-negotiation terms accorded by Brazil's creditors expires. If agreement is reached, the

There is little disagreement with the IMF on the external

The sticking points have been MF board. the severity of the adjustment
The board is scheduled to measures for this year, instead of 1986, and measures for bringing the public sector deficit down to a mutually acceptable

figure. On Friday Snr Joao Sayad, the Planning Minister—a hard-liner on the debt talks—subadjustment programme will mitted to President Sarnay a package of public expenditure either on July 1 or August 1. In return Brazil will receive a \$1.5b loan.

Details of the proposed cuts were not divulged but even this total—designed to avoid mass dismissals in the state sector public sector deficit, now estimated for 1985 at Cru 102,000hn and preserve the goal of 4 per cent national growth this year the come under heavy —is likely to come under heavy fire from the traditionally independent major state com-

### N. Zealand voters deal

blow to Labour

MR ROBERT MERCER, chair-man of the Goodyear Tyre a group of 17 manufacturers Group, has delivered a blister-of which he is co-chairman. He singled out for special criticism the investment tax credit, lengthening capital cost recovery and a penalty tax on accelerated repreciation already These measures would in-

In testimony before the House Ways and Means Committee, Mr Mercer said that the government would be reneging on its commitment to help crease business taxes well be-youd the savings produced by a reduced corporate income tax Industry's alternative to the capital investment philosophy industry recover its invest-ments in new machinery and embodied in the plan would be

to export investments to loca-tions with capital incentives. More products would then be imported into the U.S. Many of you have expressed

By Dai Hayward in Wellington

NEW ZEALAND'S Labour Government lost a seat it has held for 57 years, the provincial town of Timaru, in a crushing by-election defeat on Saturday. Although Labour leaders had braced themselves for an election loss they were stunned by the size of the vicstunned by the size of the victory scored by National's
Maurice McTigue, which
showed a 10 per cent swing
from Labour to National.
Voters rejected Labour's
economic policies but particularly the proposed Goods and
Services Tax and New Zealand's equivalent of VAT.
Prime Minister Dayid Lange

Prime Minister David Lange said the defeat will not change Labour's plans, but within hours of the result his deputy. concern over the significant trade imbalance which exists and its potential future impact. We should not be moving tax policy in a direction which least six months, It was to have encourages more of the same." come into force on April 1.



# One in a million

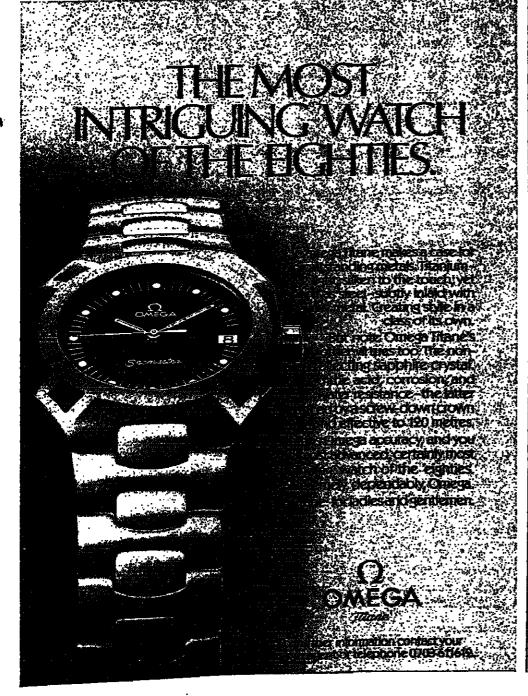
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Financial Times reporters analyse White Paper proposals by the European Commission to create a genuine common market by 1992

### Priority given to ending frontier controls

THE European Commission is advocating some 300 measures or sets of measures to create an EEC internal market without barriers by 1992.

Measures range from the detailed, like a system of certification in reproduction materials for decorative plants, to the generally economic like harmonisation of taxes on securities transactions.

Progress towards creating a genuine common market slowed in the 1970s and, over the past decade, political leaders have proved better at making general declarations in its favour than taking the measures to

bring it about.

The White Paper is split into three main sections: the removal of physical barriers; the removal of technical barriers; and the removal of fiscal barriers , with a timetable for action running into the next decade.

THE REMOVAL of physical of frontier controls adding up barriers to the free movement of people and goods through-out the EEC is both necessary on economic grounds and highly desirable on political grounds, the White Paper suggests, Quentia Peel writes.

Lord Cockfield, commissioner responsible for the internal

the delays, handling charges, paperwork and need to hold extra stocks, at some Ecu 7bn (£4.2bn). It is "a totally unnecessary cost loaded onto industry and the price of goods we produce," he says.

His White Paper also underlines the political incentive. responsible for the microman market, estimates the cost to European industry of coping progress, where it can be made, would be more visible or more

directly relevant to the aims, common external trade policy, ambitions and visions of the unreasonable " to aim at aboliunreasonable " to aim at aboliunreas

The objective to remove all frontier controls can be achieved in two ways, it argues: either by removing the under-lying reasons for them, such as the existence of national differences in indirect tax rates, health and safety regulations. immigration policies and import policies; or by enforcing the controls (on drug-trafficking and terrorism, for example) somewhere other than at

On both the movement of Enforcement of health regu-goods and of people, the Com-mission is seeking a commit-ment from member states not plants, produces several to introduce any new or more specific recommendations: stringent controls. States are also urged to step up bilateral co-operation, to avoid, for example, duplicating controls on both sides of frontiers.

As far as import policies are specific recommendations:

Slow but steady progress on harmonising health standards; a Community health mark to show they comply with agreed standards.

As far as import policies are standards: concerned, border controls are . Checks carried out at the needed to enforce national or place of departure and destin-regional quotas, wherever they differ from the Community's Appointment of Community

tion of all such quotas by 1992 • New rules of liability to prebut then admits "there may well be considerable problems

Another problem area is the existence of exchange controls maintained by France, Italy, Ireland and Greece, No timetable for their abolition is suggested, but whatever happens, they will have to be imposed somewhere other than at frontiers by 1992, the Commisaion savs.

checking properly.

vent fraud or negligence. On transport, the present system of national quotas system of national quotas "must be progressively relaxed and abolished" and safety checks simply carried out away The movement of people in

volves highly sensitive political areas, above all how to control drugs, terrorism and illegal immigration, as well as the whole area of tax checks on smuggling (dealt with under The Commission argues that

frontier controls are "by no means the only or indeed the most effective measures" to counter terrorism and drugtrafficking. Member states can improve controls at their external borders, use more spot checks, and above all step up their co-operation between police forces. Other measures will be eeded, such as:

**EXAMPLES OF EXCISE DUTIES** 



legislation, so there is no great incentive to buy in countries with less strict laws.

• Approximation of drugs legislation, to be put forward in

 A two-phase co-ordination of immigration policies, with 1988 as the deadline for aligning rules of residence, entry and employment, and 1990 for agree-ing on rights of asylum and

### **Commission tackles** national barriers

Commission's internal market programme seeks to come to terms with what happens an effort to see they are behind national borders to pre-vent the supply of goods and at present, the Commission services and the movement of plans to start talks with national people from one country to another, writes Paul Cheese-right. It deals with the technical restrictions which would make irrelevant the removal of border controls in isolation.

It adopts the general approach for the freedom of movement in goods that has already been applied by the EEC in the formulation of its new approach to standards: keep the Com-munity legal framework to the minimum. The idea is to harmonise around basic requirements and step up the degree of mutual recognition of each other's regulations.
In the background would be

the general principle that, as the White Paper puts it: "If a product is lawfully manufac-tured and marketed in one member state, there is no reason why it should not be sold freely throughout the community."

Harmonisation of national

regulations has been a bugbear for years, with endless negotia-tions over matching up product standards: the Commission's response to this is to urge the Council of Ministers not to get too involved, and to delegate, just as it does for customs questions, the technical ques-

The Commission, having said that, does not want the progress it is seeking to extend into all industrial sectors the standstill on the promulgation of national regulations. When one state draws up new regulations it has to inform the others who can protest and freeze the measure. Absentees so far include food products and pharmaceuticals. All of this might make life easier for the private sector, but it is the public authorities who

THE SECOND section of the are often the most protectionist bodies in the community. Public procurement directives exist. In governments on making the systems tendering obviously open.

It also wants the level at which open tendering becomes obligatory to be revised, and plans to put up proposals extending the range of the public procurement directives into energy, transport, water and telecommunications. Goods trade, however, is not the only problem. "It is no exaggeration to see the estab-lishment of a common market in services as one of the main

preconditions for a return to economic prosperity," says the White Paper. The common market in services, despite the Treaty of Rome, has been blocked by the member states: the Commission pleads with the Ten to deal with proposals for banking and

insurance which have been debated for years. It brings into play the same principle for financial products as it applies to goods. The primary task of supervising a financial institution should rest with the state of origin; the state where the product is being sold would just have a complementary role.

Meanwhile, the Commission is working up rule proposals on, for example, solvency of credit institutions and super-vision of mortgage institutions. Liberalisation of capital move-ments is linked to the provision Commission stresses that any restraints should be short-term and phased out as the difficul-ties which necessitated them step up monitoring of exchange controls—applied in France, Ireland and Italy.

### VAT regimes face harmonisation

pletely uncompromising on the adopted by the member states. presents a manageable budget-need to bring VAT and excise It cites in particular the ary problem for most member

terms of frontier facilitation, so that a common market per but in terms of removing mitting fair competition and 15 per cent of GDP. frontiers altogether.

mitting fair competition and 15 per cent of GDP. resembling a real internal. The problem, says "No means exist of removemarket may ultimately be ing the frontier controls, and achieved."

thus the frontiers, if there are

significant tax and corresponding price differences between regimes that have to be tackled. the member states."
The paper's demand for fiscal
"approximation" within the community is based mainly on this premise that the frontier direct taxation—that is, VAT

taxes in the member states sixth VAT directive of 1977 states, and would not seriously roughly into line with each which stated that: "It should disturb the existing relation-other, writes Nicholas Colbe ensured that the common ship between direct and inchester.

The paper analyses the dif-ferences in the VAT and excise It finds that most member states raise in the region of 10 per cent of gross domestic product in revenue from in-

ary problem for most member

"Let us be quite clear that non-discriminatory as regards. The chief exceptions here are we are talking here not in the origin of goods and services Ireland and Denmark, both of The problem, says the paper,

is the widely different break-downs of indirect taxation in different countries. Ireland and the UK, for instance, apply zero rates of VAT to a wide range of goods and services including food, with the result that VAT affects about 40 per cent of private consumption in those two countries as against controls will be going by 1982, and excise tax taken together— 90 per cent in the rest of the but it does seek flanking sup- and that "looked at in this EEC. % of GDP\* 2.29 3.27 2.58 2.12

shows wide variations

The paper concludes that in terms of VAT, member states could preserve a significant degree of flexibility on rates; a five percentage point band from 14 to 19 per cent, for example, would embrace the standard

The pattern of excise duties rates now charged by six of allow the lifting of border con-

The Commission lays out an ambitious programme of direc-tives to move towards sufficient tax approximation to for 1992,

the nine member states. A five point margin looks small, however, when set against some of the current national differences in evidence to the current national differences in 1985 governments would have to agree not to move their VAT and excise rates further away from "bands" laid down by the Commission as the targets

### Hungary tells West of trade opportunities

WESTERN BUSINESSMEN and bankers took notice last week in Marjai, Hungary's Deputy Prime Minister, told them his country was not locke dinto any fixed ratio of trade between Comecon and the West. Hungarian trade is divided 53

per cent with Comecon, and the remainder with the West and developing countries. The Western share has risen steadily in the past 20 years.

The remark fell at the end of a five year period in which Hungary's terms of trade with Comecon slid by 20 per cent. This was caused by rising Soviet fuel prices which led to a wider the article with the article which led to a wider the article will be according to the Mr Mariai said his Governfuel prices which led to a widen-ing trade gap with Moscow. Hungarians attending the con-ference said Mr Marjai in effect was appealing to the Soviet Union not to allow trade terms Some Westerners at the con-

Mr Jozsef Bognar, Director the past 20 years. of the Institute for World Mr Marjai, the Government's Economics in Budapest, extold a confer- plained that the transferable ence on trade and investment rouble used in Comecon trade opportunities in Hungary that it was over-valued which meant would contact trade according to that Hungarian companies buying components in dollars from

the actual value according to the Hungarians is closer to

ference saw signs that Hungary was experiencing growing problems with its Western trade. to worsen any further. Western bankers dealing with Hungary felt Budapest could be forced to reimpose import restraints introduced in 1983 great lengths to convince the Westerners that the widening

Mr Marjai said his Government would improve the conditions for Western companies entering joint ventures with Hungarian companies. They number 41 compared with 25 in early 1984. "Clumsy regulations" would be modified

Mr Istvan Torok, Hungary's Secretary of State for Foreign Trade, said the previous deand lifted only late last year. mand that the Hungarian side
The Hungarians went to must hold a majority of the would be revised.

#### **EEC-Gulf** chemical talks in deadlock

By Patrick Blum in Vienna

THE DISPUTE between Europe and the gulf states over tariffs and access to European markets for Middle Eastern petrochemicals remains deadlocked despite a flurry of diplomatic activity to find a solution, Mr Abdullah Bishara, secretary general of the Gulf Co-speration Council (GCC) which represents six Gulf states, an official visit to Austria, that he held out the hope that a comprehensive agreement would be reached with the

"The issue has still not been resolved. It is no secret, the Community has stated clearly its position. At this juncture there is no pessibility of abolishing the extra tariffs they put on our exports," Mr Bishara said.

He will be holding further talks with European officials and is due in the Hague for talks this week. The Netherlands has been especially concerned about the possibility of large-scale petrochemical imports from the chemical imports from the

The GCC and senior Gulf country officials have strongly criticised the EEC's decision to impose a 13.5 per cent tariff on Guif petrochemical exports to Cor tries. The EEC has respe to the concern of European manufacturers who fear a flood of imports from the Gulf countries where many petrochemical plants are coming on stream.

#### SHIPPING REPORT

#### Tanker markets fall back to low level of business

THE RENEWED excitement much tonnage around to be in tanker markets sparked off absorbed by actual demand. earlier in the month by Terminal Operators.

for a VIACE (very large crime carrier) of 250,000 tons from Iran's Kharg Island terminal at Worldscale 35, the other a ULCC (ultra large) carrying a partial cargo of 300,000 tons from Sirri to the West at Worldscale 17

Dry cargo markets were also

earlier in the month by increased trading from Iran's brokers' research arm, said Sirri Island terminal was not there was evidence that the maintained last week, with minipeak of the present cycle o passed, with the U.S. recovery

now slowing down. E. A. Gibson Shipbrokers reported only two fixtures for big vesels from the area, one markets it said that expression markets, it said that expansion int he bulk and combined (able to cary oil and dry cargoes) would not end until 1987, though the pace of change would vary between the two sectors.

The total dry cargo fleet, said Terminal Operators, would not decrease until 1988, and then quiet. Eggar Forrester, another only to a very slight extent.

London shipbroker, said that Demand for dry cargo tonnage although the outlook had was expected to improve, but at although the outlook had was expected to improve, but a improved, there was still too a decreasing rate up to 1987

#### Nato partners try again on fighter project

By Our World Trade Staff

BRITAIN and three other Nato partners will make an attempt today to evercome France's reservations about the form of a project to jointly build a fighter air-craft for the 21st century. Lancaster House, London will be the venue for the falks which seem likely to fall because of France's desire to take the lead in the multi bil-

more than 800 aircraft. Britain, West Germany, Italy and Spain are largely agreed on the size and power of the aircraft they wan to of the aircraft they wan to counter the Warsaw Part threat into the 21st century. France's Defence Minister. Charles Hernu, however, will argue for a lighter, less powerful aircraft and for a higger share of the work than the others are prepared to coacede.

The five nations last met in Rome in May but work on the project since then has failed to resolve any ofthe outstanding issues, according to White-hall officials who now feel the project may well collapse. The aircraft is due to fly in the late 1990s and that means design work must start now.

The West Germans are already talking of a collaborative project with the U.S. should tomorrow's meeting fail to resolve the dispute. But if the gaps do not look later this summer opt to build the control of the collaboration of the collaboration. later this summer opt to build its own aicraft, loosely based on an experimental fighter currently under construction by British Aerospace at

Warten, Lancashire.

### KWU hopeful of N-plant deals

KRAFTWERK UNNON (KWU) of West Germany is looking hopefully to China and Egypt for nuclear power station contracts but sees little chance of a deal with Turkey.

KWU's intensive negotiations with the Chinese received a boost with the visit to Bonn by Zhao Ziyang, the Chinese Premier, last week. A contract will depend on further detailed negotiations about costs, financing, technology transfer and countertrade deals.

In Egypt, KWU is still pinning

hopes on a contract for a 1,000 Mw nuclear power station, for which the West German Government has granted export credit insurance coverage of

in Turkey have expired, after lengthy negotiations between the company and the Turkish authorities led to an impasse. KWU received a letter of intent from Turkey more than 18 months ago for construction of a 1,000 Mw nuclear power station at Akkuyu on the

Mediterranean coast.

As talks developed Turkey raised new conditions, proposing that KWU take over longterm responsibility for running the power station. Such a move would have greatly eased the financial burden on Turkey. KWU has stood firm on the principle that it is in business

At one stage, KWU seemed ing about long-term co-opera-well in the running for a tion, with technology transfer Turkish project. The Bonn a key element. Financing arrangements for a Turkish

pposed nuclear power station. Government backed KWU's efforts by granting export credit insurance coverage of DM 1.4bn. Like other nuclear plant contractors, KWU has faced a dearth of world orders in recent years and competition with French, UK and U.S. companies has been intense. While rivals might have better prospects now in Turkey, it is by no means certain that the terms would be

KWU has been at pains to point out that large-scale Chinese business is not yet signed, sealed and delivered. During the Chinese Premier's visit to Bonn representatives of the Chinese and West Ger to construct rather than operate power stations. man nuclear industries signed memorandum of understand

#### U.S. microchip makers complain about Japan

By Nancy Denne in Washington

THE Semiconductor Industry

The complaint, filed with the Office of the U.S. Trade Representative, asks the Reagan Administration to negotiate an opening of the Japanese market and to prevent Japanese dumping of semiconductors in the

Association, which represents the leading U.S. independent manufacturers of silicon microchips has filed a complaint against Japan for policies limiting this imports. ing chip imports.

U.S. electronics exports are dready on this week's agenda or market-opening talks with apan, but the trade complaint is designed to give the negotia-

#### WORLD ECONOMIC INDICATORS UNEMPLOYMENT

					-
	%	13.4	13.5	13.5	12
U.S.	000s	8,413.0	8,426.0	8,396.0	8,560
	%	7.3	7.3	7.3	7
		Apr. '85	Mar. '25	Feb. '85	Apr.
W. Germany	860s	2.304.6	2,474.5	2.611.3	2.25
_	%	8.6	9.2	9.7	
France	009s	2,338,3	2,419.8	2,484.9	2.234
1	%	103	10.6	10.9	
italy	00es	2.928.1	2,973.3	2.970.4	2,729
	%	12.8	13.0	13.0	7 72
Netherlands	200s	748.I	773.A	801.9	814
	%	13.1	13.6	14.1	14
Belgium	000s	546.2	580.0	596.0	558
•	%	13.2	14.1	14.5	13
ı	,,	Mar. '85	Feb. '85	Jan. '85	Mar. Y
Japan	000s	1,740.0	1,640.0	1,520.0	7,780
	%	2.61	2.56	244	2.7

# Lan Hunter's next good idea was to contact Arthur Young.



As a director of B. W. Mud Ltd., a leading supplier of drilling fluids - or mud as it is called in the industry - Ian Hunter had been a personal tax client of Arthur Young for some years.

He realized that his public quoted parent company wished to concentrate on oil and gas exploration rather than with the supply and services side of the industry. Ian saw the opportunity for a management buy-out. His next idea was to contact Arthur Young. Arthur Young prepared a proposal document

for submission to potential investors, assisted in the negotiations, advised on the best structuring of share interests and organised the subsequent financial reporting. A new company was formed to effect the

senior management and a leading firm of investment fund managers. The acquisition was successful.

B. W. Mud Ltd. is now a major independent U.K. force in the supply of drilling fluids with a multi million pound turnover.

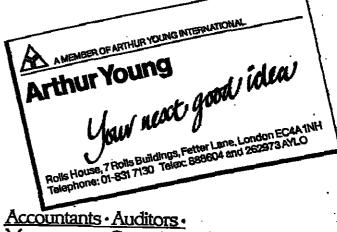
buy-out, involving Ian Hunter, other members of

Arthur Young is proud to play a part in the

continued growth of the newly independent companyas Accountants, Auditors and Corporate Tax Advisors.

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### Why companies ignore telephone exchange's smartest features

MORE THAN half the major compaties in Europe will have installed advanced computertelephone (PBX) by 1990, but only a tiny percentage of them will be taking advantage of their most sophisticated features.

These features include voice facilities such as abbreviated dialling, last number redialling and telephone conferencing which are already available on today's advanced exchanges.

They will also make it possible for computer data to be transmitted through the exchange in digital form, that is, the computer can interpret. So with such an exchange all a company's voice traffic and all its data would flow through the

same exchange. Even the advanced voice facilities available today are not properly used, according to Logica, the UK-based computer consultancy, which has just completed a major report on the future of digital (computer-like) private telephone

exchanges in Europe. It says there is growing evidence that very few of these smart features are ever used. 'Call transfer to another extension, call diversion and manager/secretary filtering have probably achieved the most widespread acceptance, but these are facilities that were already offered by analogue PBXs," it says.

New features like conferencing and last number redialling at the press of a single key are less frequently used.

Logica believes progress will be slow towards integrated switching—the switching voice, data, text and image have fallen sufficiently to pro-through a single digital tele-phone exchange. These ments in favour of the exchanges are now manufac- integrated data switch compared

6000- EFFIRANCE

MITALY

4000- W.GERMANY

tured by Mitel, Nixdorf, with separate data switching for example.

Northern Telecom, Philips, facilities.

Siemens, Thomson and others.

The "electronic office" is still been vested Voice switching, of course, not well enough developed to ments in most companies and remains the most important job support integrated digital integrating them will require for the telephone exchange in switching. There are simply too considerable organisational for the telephone exchange in switching. There are simply too most companies, accounting few multifunction desktop work-typically for 90 per cent of com-stations, the building bricks of munications traffic and costs. So the choice of exchanges for some time to come is bound to be driven by voice needs.

the electronic office in use. workstations Multifunction were seen as the key to office automation. Incorporating tele-Nevertheless, Logica argues, phone, computer, word proces-

#### Alan Cane on the problems of sophisticated digital exchanges

ensure that new switching equipment they install should offer integrated (voice and data handled together in digital form) switching because they want to be in a position to enjoy its advantages in the

Logica says: "About 80 per cent of all PBX tender specifica-tions currently issued in the U.S. insist on integrated voice and data although few users take advantage of them in practice. In Europe, well under 1 per cent of all extensions actually use integrated switching and most usage is of a highly experimental nature."

Why should this be? Logica concludes there are five principal reasons.

● The cost is too high. At present it is about \$800 a port. • Industry standards for digital networks are incomplete or not Not until after 1990 will costs

most companies are anxious to sor, electronic filing cabinet and electronic desk top they would enable executives to create letters and drawings, plans and memos and send them by elec-

Unfortunately, although the technology to create such devices exists it still costs far too much. The professional personal computer has become the de facto multifunction workstation, but only now are users starting to think about connect-ing them together.

 Wide area communications are insufficiently developed, Logica says. To make the best use of a digital PBX it must be possible to communicate over a wide area using digital leased circuits. Such facilities will not be available until after 1990.

pliance even when a particular feature or facility involved yet available. The authoritative The IDX has ample capacity standard for Integrated Services Digital eNtwork-or the for voice traffic although it was ruled out for data traffic because fully digital telephone system— will not be available until 1988, of the costs involved. Instead a cheap, simple and proven Case
"Grapevine" data switching
system has been installed. NUMBER OF DIGITAL PBX's WITH MORE THAN 100 EXTENSIONS

So the company is still operating voice and data communications in parallel and looks like doing so for some years to come. Logica concludes: "The inte-

been vested in separate depart-

considerable organisational changes which will provoke re-

Logica backs up its assertions with case studies, highlighting,

for example, the problems fac-ing an international trading or

ganisation based on two distinct but closely located sites.

It had a conventional Plessey exchange with 200 extensions on

exchange with 200 extensions on the two sites together with many direct private lines for traders. There were eight telex machines.

The Plessey exchange was old, obsolete and unreliable. It had neither the flexibility nor capa-city to provide extra lines so

city to provide extra lines so

city to provide extra lines so new direct lines were being in-stalled in a haphazard way. Some users had three or more handsets on their desks for dif-ferent types of traffic. The telex machinery was similarly antiquated and un-

able to bear the growing load. Even the manual movement of

telex tape from office to office

There was a daily backlog of telexes between London and New York and courier services

were transferring messages across London three times a day because the facsimile machine

The company finally selected a Plessey IDX digital exchange

from a list of suppliers "many of whom did not respond

fication or responded only with a simple statement of com-

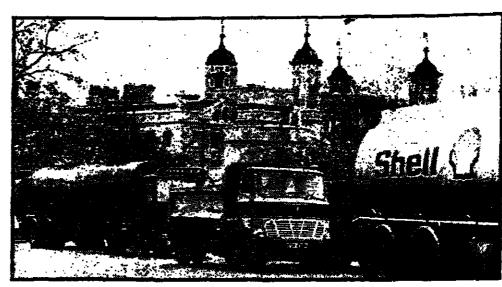
accurately to the tender sp

was time consuming.

could not cope.

grated phx will not therefore entirely supplant other forms of data switching in the 1980s." although it does believe that the pbx will eventually win over other forms of switching in the telecommunications

Digital PBXs in Europe, the



### Drive to make quieter lorries

TRUCK manufacturers are facing one of their trickiest technical and commercial hurdles. They have until 1990 to reduce noise levels in line with an EEC directive of Sentember lest year. September last year.

However, the burden is being eased by co-operation between vehicle, engine and component manufacturers in QHV (Quiet Heavy Vehicle) 90, the only nationally co-ordinated programme of its kind in Europe. The Department of Transport is meeting half the research and development costs while the Department of Trade and Industry is assisting engine and component manufacturers with half their development costs.

The total cost will be £10m. Seven years ago the Transport and Road Research Laboratory demonstrated the feasibility of building a heavy lorry with a noise level less than 82dB(A) without big economic penalties. Though the motor industry views the QHV 90 project as more ambitious and comprehensive, the earlier programme high-

lighted the more important

It revealed, for example, that the fuel pump and gears are important sources of noise, even when the engine is not firing. So Cummins, one of the engine manufacturing involved in QHV 90, is working with Ricardos, engine consultants, to examine exactly bow noise is generated by the gears and how to reduce it. It is also looking for ways of reducing vibration from the gears and from the covers over the gears in its LTA10 290 hp turbocharged engines.
Another problem facing vehicle and engine manufacBY ALISTAIR GUILD

turers is that of diesel fuel quality. The explosion of gases inside the cylinder of a diesel engine puts a force on the bearings, causing the outside of the engine to vibrate producing noise. By turbocharging the engine and adjusting the point in the cycle when fuel is in-

Lorry size	Now	October 1990
Below 2 tonnes 2-35 tonnes Over 35 tonnes	81 81	78 79
engine power below 75kw	. 86	81
engine power 75 - 15ûkw engine power	86	83
over 150kw	88	84

jected, the change in pressure in the cylinder is evened out. However, this could increase exhaust emission.

"Because the quality of diesel fuel will deteriorate in the next 5-10 years, exhaust emissions will increase unless something is done to reduce them," says Dr Christopher Mitchell, QHV 90 project officer at the road research laboratory. "But the very things done to reduce exhaust emission tend to make engines noisier."

Thus far, vehicle and engine manufacturers are certain about one thing, that engine enclosure volvement in the earlier QHV 1.5dB(A). Either route would project the impracticability of involve a redesign of the such palliative treatment. The engine.

only alternative is to reduce engine noise at source," says Mr Peter Flinn, chief engineer at Leyland's technical centre. One avenue being explored by Leyland is altering the tim-ing of fuel injection and the

control of airflow to the cylinder. Another possibility is to reduce the coupling between the block and the engine head. Leyland is also working on exhaust noise. "The silencer is crucial," says Mr Flinn. "Though you can always achieve a quieter

exhaust system with a large silencer, the trick is to devise a silencer which performs better within an existing package. For example, the space available for the exhaust system on petroleum carrying vehicles is restricted by law. The bones of the silencer technology exist. but the silencer industry in general is still not sufficiently advanced."

At Foden a lorry tractor unit is being tested to discover the contribution of each pos sible noise source, such as running gear, silencer and the engine itself, to the overall vehicle noise. Foden, like Leyland, wants to avoid engine enclosure, which can require a more sophisticated cooling system. One major noise con-tributor is the cooling fan. One option considered by Ford is the turbocharging of naturally aspirated engines in

its lighter vehicles as turbo-charged engines are inherently quieter. Alternatively, speed were reduced below 2,000 rpm, engine noise would is to be avoided as far as pos- 2,000 rpm, engine noise would sible. "We learnt from our infall by a similar amount to

## John S. Bass and Co. Ltd. 061-834 3071 Telex 666736

#### **Automated** depot for **DIY** group

A f6m computer controlled national distribution centre is planned by Black and Decker at Brackmills, Northampton, to cope with increased sales and the company's plan to diversify into housewares.

The centre will be designed and built by IDC of Stratfordupon-Avon and will have an automated high bay ware-house equipped by Dexion with automatic handling equipment,

Dexion has placed an order with CAP, the London com-puter systems house, for a computer control system based on Digital Equipment PDP 11/73 machines. It will control the operation of up to six cranes and two transfer cars operating within nine aidles of double depth racking.

The system also controls the routing and flow of pallets the routing and flow of pallets along conveyors which service the high bay and a number of picking stations. Continuously updated information allows pallets of goods to be located and retrieved from any of the 29,000 locations in the ware-house.

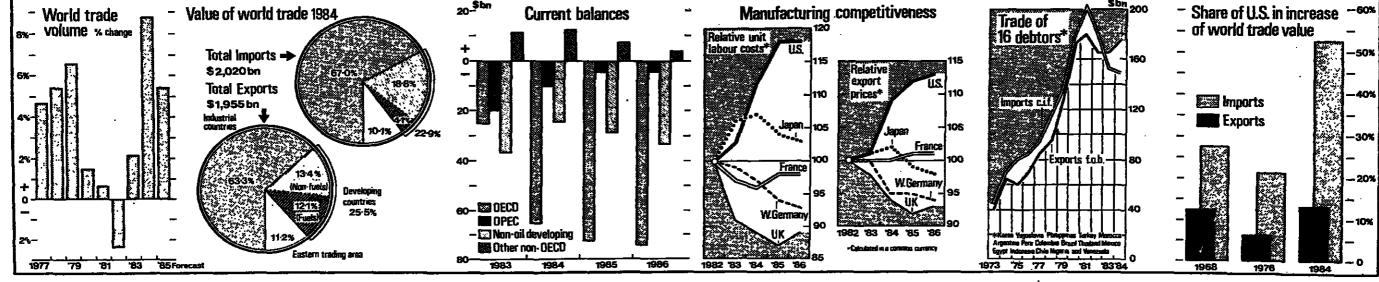
#### Leasing deal for CAD

COMPUTERVISION of Basingstoke is the first major computer aided design company in the UK to offer a leasing plan for its products. The move will allow the use of advanced design systems in industry without commit-ments of capital that can easily exceed £500,000 when equipment is purchased. The minimum leasing

period is three years. Computervision will also replace half the original equipment with new systems of the same or greater value after two After four years all the

originally leased equipment can be replaced. More on 0256

### STATISTICAL TRENDS: WORLD TRADE



### Uneven recovery despite slowdown in U.S.

The volume of world trade is expected to expand by about 5 per cent this year after a rise of 9 per cent in 1981. That increase followed screral years of sluggish growth and one year of actual decline in 1982. Trade has grown much faster than real gross national product in the industrial countries and trade in manufactures has led the way, as in previous post-recession periods.

The major factor in the re-covery of trade was the U.S. boom. At present, slowdown in growth in the U.S., together with the decline in Opec imports, lies behind the slackening pace of world trade ernansion.

The unusual feature of this recovery in world trade, compared with previous recoveries, is its unevenness. This is primarily related to the disparities in growth between the U.S. and Western Europe. North America accounted for 63 per cent of the increase in world imports (in \$ terms) in 1984, compared with between a quarter and a third in prerious recovery years. It also accounted for a quarter of the increuse in exports, boosted by Canada's increased exports to the U.S. Japan's share of the increase in exports, at 18.6 per cent, was considerably higher than in previous periods, although its share of import growth was only slightly higher. What is most marked is Western Europe's declining share of both higher exports and imports, reflecting its sluggish economic performan The share of the rapidly expanding South-East Asian economies in the growth of

PRODUCTION & TRADE 1980 1981 1982 1983 1984 -12 -7 -1 5 31<sub>2</sub>-11<sub>2</sub> 41<sub>2</sub> 12 Source: QECD

exports is substantially higher than in previous years.

Looking at inter- and intracontinental trade flows, the pattern is clear: whereas trade among the Western Euro-pean economies was previously rery significant factor in the increase in world trade, since 1979 the most dynamic element has been trade between North America, Western Europe and Japan. Trade among the developing countries accounted for a higher proportion of the increase in world trade in the period 1979-1984 than formerly, but trade between the industrial and developing countries was less important in the period 1979-81

The secretariat of the General Agreement on Tariffs and Trade (Gatt) believes that the uneven recovery, together with the structural decline of some basic industries, is responsible for the fact that protectionist ressures and tensions over trade have not been cased by the surge in world trade growth. While the growth rates of the

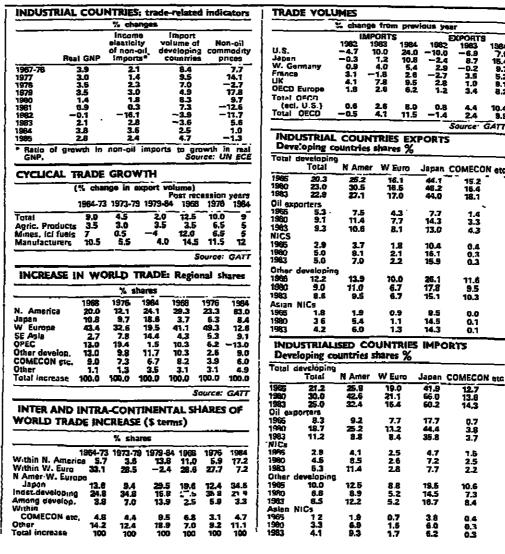
U.S. and Western Europe are likely to converge, this will be mainly as a result of lower growth in the U.S. For the major debtor

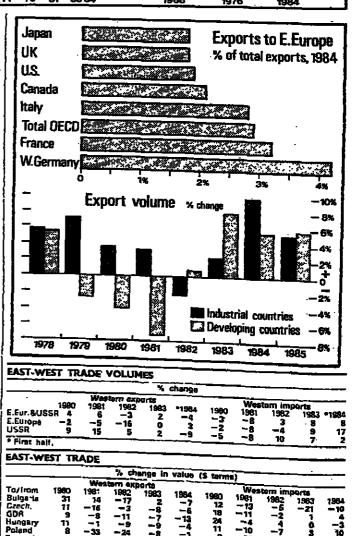
countries, 1984 was a better year. The improvement in their current account position came for the most part through a rise in exports, rather than a fall in very high rates of growth of dollar export earnings, particularly Brazil, South Korea and Turkey.

East-West trade revived in 1983 and 1984, with the volume of Western imports from Eastern Europe rising much faster than Western exports to the area. The USSR's experience was different, with slackening Western import growth. The pattern of world economic recovery has tended to be unfavourable for the Eastern area, as the bulk of its exports go to Western Europe.

The data on North-South trade show the increasing importance of developing countries in world trade. This is partly the result of changes in the oil price, but their share of manufacturing exports has also risen. However, there has been a decline in the developing countries share of exports from the industrial countries since 1980, as a result of import cuts after the debt crisis. This particularly affected investment

The share of the newlyindustrialising countries (NiCs), especially those in Asia, in the imports of the industrial countries has grown rapidly, but remains small





Commentary by Our Economics Staff: data analysis by Financial

Times Statistics Unit; charts and graphs by Financial Times

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### Whitehall to investigate value of diplomats

A MAJOR Whitehall scrutiny of the others. The benefits of political any recommendations for change

The investigation is to be headed to boost UK exports. by Mr Richard Samuel, a senior Potentially, the scrutiny might

measuring the productivity of Brit-sults. ain's diplomats. The idea is that, if One important feature of the assess their performance and how monwealth Office itself. Senior civil far they are meeting their objective servants in other parts of Whitehall

breakdown of the various jobs that tion. Some say it is genuinely anx-diplomats do – from political and ious to find ways of improving its economic work to trade and export performance. Others, more cynical-

Foreign Office spends on those dif- internal management.

that some types of diplomatic work Community budget.

May prove easier to measure than Whitehall officials believe that by.

value for money that Britain re-work by diplomats, for example, ceives from its diplomats is to start may be harder to assess in terms of value for money than their efforts

Foreign Office man who was Brit- prompt substantial changes at the form that have been made in the ain's deputy High Commissioner in Foreign Office. The investigation past. New Delhi. Mr Samuel, who has might point the way to a reallocabeen given 90 days to undertake the tion of resources, with money and scrutiny, will receive back-up sup-manpower being cut back in areas port from staff in Whitehall's own where they yield little measurable return and used instead in support return and used instead to support His task will be to look at ways of work that can be seen to bring re-

their output can be measured more scrutiny is that it has been effectively, then it will be easier to launched by the Foreign and Combelieve the FCO might have various Mr Samuel is expected to make a reasons for setting up the investigasuggest the FCO's chief concern Figures showing how much the is to deflect possible criticism of its

The Prime Minister is known to evailable already. But it is thought have been critical of the Foreign Of-Mr Samuel will try to assess exact- fice in the past - notably over its ly what British taxpayers are get-performance in the period leading ting in return for the money that is up to the Falklands war in 1982 and over its efforts to obtain a better Inside Whitehall, it is thought deal for Britain from the European most of them less work should be

### Lonhro criticised by Plant builders show growing minister over BA damages claim

arising from Mr Samuel's scrutiny

are much more likely to be acted

upon - precisely because the FCO is

running this investigation itself -

than some of the demands for re-

In 1977 a review of Britain's over-

seas representation was carried out

Policy Review Staff - headed by Sir

Kenneth Berrill. The Berrill report

was highly critical of the Foreign

Office and called for radical re-

ey spent on educational, cultural

and information work should be

The Berrill report identified 14

as representation. It said that al-

separate functions of Britain's over-

though all were valid objects of pub-lic expenditure, "we believe that in

its claim for substantial day from state-owned British Airways (BA) in connection with a joint ven-

He said the action concerned two

travel businesses set up jointly by Sir Freddie and Lonrho in 1982 after the collapse of Laker Airways. take legal action. It suggested that the Diplomatic Service should be merged with the Interviewed on television, Mr Home Civil Service, that most British Council offices should be amalgamated with embassies or missions, that some 50 diplomatic ien law in order to attract money offices abroad should be closed from the British taxpayer. that export promotion work should be more selective and that the mon-

It was true, he said, that Lonrho had lost profits over the affair but that was not the fault of anybody else – "Why blame somebody else?"

The Government is concerned that this further legal complication might mean more delay in the planned privatisation of British Airways. It comes on top of the pro-tracted legal action that Sir Freddie has already taken in the U.S. courts an alleged conspiracy by interna-

MR NICHOLAS RIDLEY the There is also annoyance among Transport Secretary, yesterday ministers that Sir Edward du Cann. made a hitter and outspoken attack a senior Conservative MP, is conon Lourho, the trading group, over nected with the latest legal action

Mr Ridley said the Lonrho action was simply trying to get money out ture that Lourho had with Sir Fred- of British Airways before a final settlement with Sir Freddie was "It can only be described as a try-reached. "It has very little merit," on," Mr Ridley said. "It has no foun-

> had complained that Lonrho had been very badly treated in the af-

a British company should take an self to be badly treated, nor could see in law in order to attract at the law in order to a in any way connected with the original failure of Laker Airways. The claim concerns two joint ventures, Skytrain Holidays and Peo-ple's Airline, in which Lourho was a

> die. They were set up in the months after the Laker collapse. Lourho claims that there were projected profits of \$110m a year got into difficulties as the result of

50 per cent partner with Sir Fred-

engineer by trade, once made a parachute jump to prove his view that work of Technical Audit in improving safety and efficiencould be made completely safe.

"It was scary, but I won my bet," says Mr Williams, managing director of Technical Audit. The compamy grew out of an office within the British Steel Corporation that was set up in 1973 to evaluate not only the safety but also the quality of the huge plant projects BSC was then undertaking. Its services were con-sidered useful but, by the late 1970s, gan to look outside the corporation for business.

By late 1983, the office was busy enough to survive on its own, so the winds and humidity can a management bought it from BSC performance of big plants. with the help of some financial inhas doubled to 36 and the group, which has annual turnover of about £2m, is operating profitably.

Mr Williams got the idea for anditing plant design from studying techniques developed in the 1960s by the U.S. National Aeronautics and Space Administration (Nasa) for making space vehicles safe. He thought the same quantitative re-view techniques could be applied to assessing the efficiency of planned process plants. In industrial plants safety tends to follow efficiency," he

In the early days at BSC, the idea

ran up against some opposition from the contractors. But the office the monsoon season because th soon proved it could be helpful.

Mr Williams said Technical Audit's main contributions had been in adapting plant designs to local con-ditions. Often, contractors have BSCs expansion days were over, so acquired patented technology for, Mr Williams and his colleagues be- say, a blast furnace from others and have been nervous about altering the design in any way. But even such simple things as prevailing winds and humidity can alter the

For example, if a blast furnace is stitutions. Since then, its manpower built at a particular angle to the wind, condensation of hot gases might occur, accelerating corrosion and raising the danger of an explo-sion. Humidity can affect the flow rates of materials being loaded into ement plants. Temperature can affect the performance of lubricants.

we are not taking away and sponsibility from the main contraction," Mr Williams says. "All we are oped to improve it.

It has also been retained by the

tended output. The plant, which he nance costs.

interest in safety assessment was ultimately closed down because In Rodger reports on the his forecast turned out to be con-

In another case in a tropical country, conveyors were put in trenches, as the design stipulated but they became unusable during

trenches filled with water Acceptance of the technical audit concept has grown slowly. Mr Williams said the group was now being approached not only by plant buyers but also by some contractors. Recently, Bechtel, the world's largest engineering contractor, include Technical Audit in a bid it was making for a large energy plant project in the Middle East.

However, for the past three years, the pace of new plant construction around the world has slowed considerably. Mr Williams has responded to that by applying his techniques on existing plant. The group now does considerable consulting work in that area. On one recent contract it was hired by a reinsurance broker to examine a plant in South America. The plant had a very poor safety record, and

World Bank to consider whether or He recalled the case of one BSC not changes in design would implant which he calculated would operate at only 40 per cent of its in-plant by reducing probable mainte

**Sabinet** 

pending

### **Shearson Lehman joins Topic quotes system**

SHEARSON LEHMAN, the U.S. in- abling them to input directly from vestment bank owned by American their premises Express, is the first non-member By the end of September it is exfirm to be allowed to enter stock pected that about 20 firms will be quotes on the Topic information hooked up to the system, including system of the London Stock Ex- a number of other U.S. investment

The firm is initially using eight ties in London. pages to display prices of more than The U.S. firms allowed in will be 70 overseas equities, including those which have expressed a defi-South African gold mines, leading nite intent to join the London Stock Japanese and Dutch equities and a Exchange when that becomes possiselection of U.S. over-the-counter ble after next year's rule changes.

British-owned firms in displaying firms that will continue to be exprices on the stock exchange's new cluded from Seaq International be-Seaq International service, which is cause it is not yet committed to regarded as a forerumner to the membership of the exchange.

main Seaq system being developed The Americans have been invited in time for the restructuring of the into the Topic system because it is domestic equity market next year. considered that there will be mutu-At the moment, prices are being al advantages in improving the in-telephoned to the stock exchange, formation flow between stock ex-but by the end of this month five change international dealers and

test stations will be with firms en- foreign-owned firms.

banks that trade international equi-

It is thought that Morgan Stanley It has now joined a number of is the most prominent of the U.S.

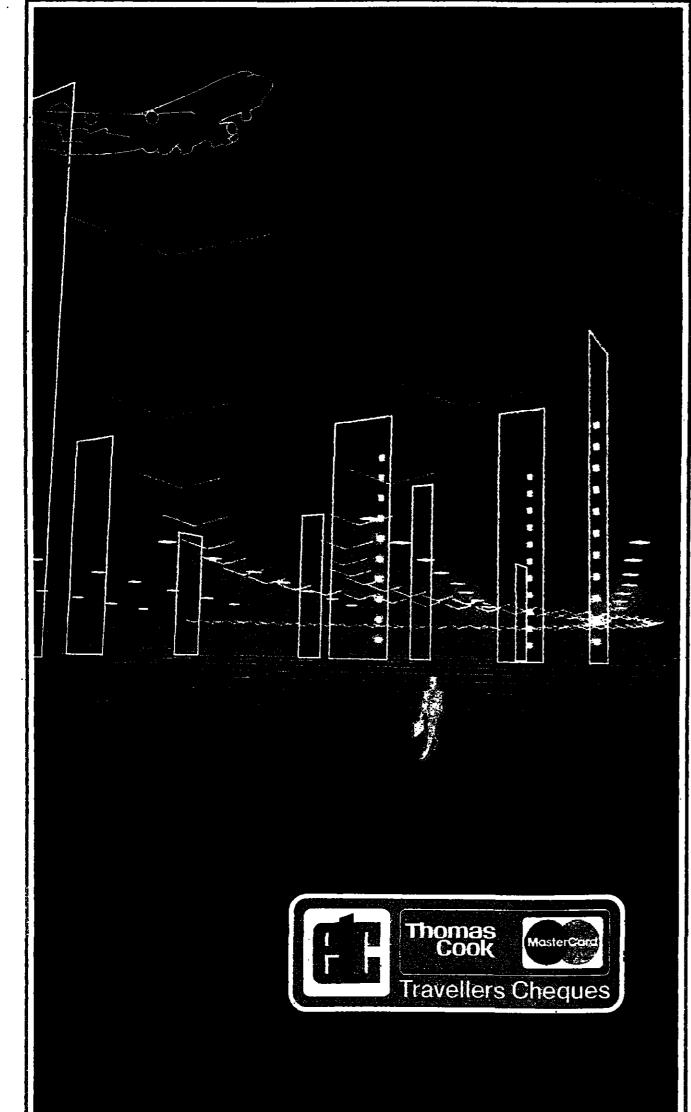
### Pay rises average 6½%

BY ANATOLE KALETSKY

PAY SETTLEMENTS in manufac- about 0.5 per cent above the rate of turing industry appear to have sta-bilised at about 6½ per cent, the highest rate for two years, accord-ing to figures published yesterday when manufacturing pay settle-

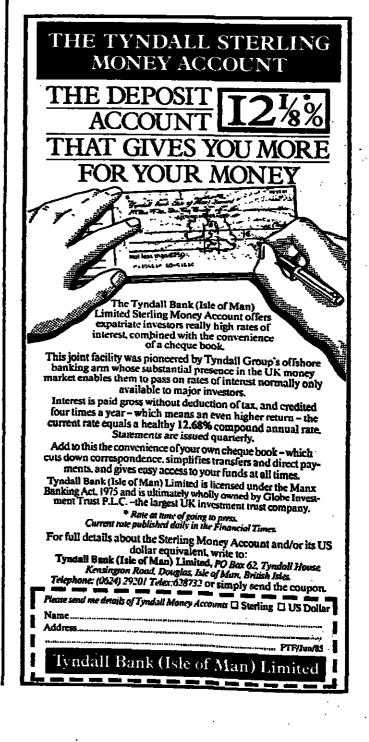
The CBI pay databank for May shows settlements averaging 6.3 ments and other elements of "wage per cent in the 12 months to May, the same as the level in April, but level of increases in earnings

wage inflation recorded a year ago. The CBPs figures started a slow by the Confederation of British In- ments averaged 5.6 per cent. Because the settlements reported by



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#### **UK NEWS**

### BL's corporate plan expected to be approved

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

GOVERNMENT approval of state- that will provide volume for the owned BL's five year corporate plan company's under-utilised produc-

growing

hman job

3 System

The statement is expected to bring success for Mr Harold Musgrove, chairman of the Austin Rover volume cars division, who has been arguing that his company should be allowed to develop its own engines and gearboxes for the Metro replacement scheduled for the late 1980s.

The Government, which had been urging that around £250m could be saved if Austin Rover bought the key components from Honda, of Japan, seems to have accepted that such a deal is not possible.

Collaboration with Honda, how-ever, forms a key element of the corporate plan. The two companies are to develop jointly a new middle-range car, code-named the YY, which will eventually replace the Maestro and Rover 200 models.

Austin Rover will also assemble

be crucial in helping to decide the

course of overall policy until the

a threat at the next election.

The central issue will be whether

BY JOHN HUNT

general election.

ture targets.

is likely to be announced in the tion facilities. Longbridge, Bir House of Commons today by Mr mingham, remains the favoured locars a year have been mooted. But the details and timing have still to be negotiated.

The Government's long-awaited decision on a plan submitted last

After a visit by Mr Musgrove to Japan 12 days ago for talks with Honda, the Government now seems Honda, the covernment now second poised to give a public go-shead for Austin Rover to proceed with its of electricity from France to the UK.

The decision will safeguard up to 5,000 jobs that were at risk at the Longbridge engine factory and will also please West Midlands Conservative members of parliament concerned about the economic and political consequences for the region.

Und.

The price of the power transmitted under the deal, the board said, would be significantly below the average cost of its own domestically produced power.

Under the terms of the agreement, however, there will be provilitical consequences for the region. Backbenchers will also be hoping to hear from Mr Tebbit of progre

on government plans to privatise stopped a crucial step short of com-BL, particularly the Unipart spare mitting itself to making French sup-Anstin Rover will also assemble parts operation, the prime candi-date for an early sell-off. Cabinet to consider

spending strategy A FULL meeting of the Cabinet has who has been receiving a rough been called for next Sunday to take ride in the Commons with allegawhat is described as "a long-term tions that defence cuts are being strategic look at public expenditure made in a covert fashion.

Although the Government is maintene playing down the meeting's importance, there is no doubt that it will tax cuts. maintenance of services at existing levels must take precedence over Opposing such arguments will be ministers such as Mr Nicholas Ridley, the Transport Secretary, who

made clear yesterday that in his view the Government must push Mrs Margaret Thatcher, the Prime Minister, and Mr Nigel Lawson, the ahead with reductions in spending. Chancellor of the Exchequer, will Mr Lawson too will be arguing be able to pursue their promised tax-cutting strategy in view of the likely overrun on public expendithat there must be further curbs on public spending to offset higher social-security payments and public-

sector pay awards. Cabinet a growing number of "consolidators" who are arguing that has posed a severe threat to the further cuts in services are not pos-sible without risking a backlash that the autumn's rise in pensions from the electorate that might pose and other social security payments a threat at the next election.

and other social security payments a threat at the next election.

They are led by Lord Whitelaw,
Mrs Thatcher's deputy, and Mr
John Biffen, Leader of the House of sumption that public-sector wages Commons. They include Mr Mi- will rise by only 3 per cent this chael Heseltine, Defence Secretary, year.

### French electricity to be imported

By Ian Hargreaves

stantial quantities of cheap French electricity via the new cross-Channel link in spite of its un-Norman Tebbit, the Trade and In- cation and volumes of up to 100,000 tract for the supply of baseload power from France.

A statement by the Central Elec tricity Generating Board (CEGB) disclosed that it had made "com mercial arrangements' with Elec-tricité de France to govern the operation of the first phase of the Anglo-French sub-sea power link.

The two-year arrangement, the CEGB said, would involve the con-

ment, however, there will be provi-sion for stipulated interruptions indicating that the CEGB has plies part of its basic system.

The board has told its trade

unions that the French supply will not mean removing any of the UK's

pacity.

Electricité de France, which has a major and growing electricity export programme, wanted the CEGB to sign the kind of baseload supply contract negotiated with other foreign customers but was told that this was considered undesirable in Britain on political and social grounds. The purchase of large quantities of cut-price French electricity is likely to stir controversy in Those ministers will argue that the coal industry, where it may be seen as a threat to jobs.

For this reason, the deal between Riectricité de France and the CEGB has been kept a close secret. Even senior electricity industry executives have been surprised by the nature of the board's statement, which came in response to comments by M Marcel Boiteux, chairman of the French state electricity company. The fact that the board has re-

fused to sign a full contract, however, will be used as an argument that the first stage of the link can in practice be used flexibly and according to circumstance. The original idea behind the link was that it electricity and this principle has clearly not been abandoned. Electricité de France still hopes

Campaign will

seek 20% cut

in energy bill

By Kevin Brown THE GOVERNMENT is planning

THE GOVERNMENT is planning an energy efficiency campaign aimed at cutting the £35hn national energy bill by 20 per cent, or £7bn. The campaign will hinge on a direct-mail approach to every home in the country, plus a determined effort by Energy Department ministers to talk to executives of every industrial company.

ters in talk to executives of every industrial company.

In addition, the nationalised gas, electricity and coal authorities have agreed to switch a substantial proportion of their advertising budgets into promoting energy efficiency. The advertising budgets into promoting energy efficiency. The advertising offensive will be supported by a number of hig oil companies, ministers say.

The campaign will be launched by Mr Peter Walker, the Energy Secretary, in November and will run until the end of next year.

It follows the success of a series

It follows the success of a series "breakfast" meetings at which Mr Walker has spoken on energy efficiency to 18,000 senior manag-

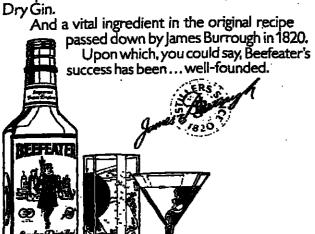
ers, mostly in groups of 400.

into a full-scale agreement to receive baseload power across the link. The first stage of the link is due to open this autumn and will be followed by a second 1,000 megawatt stage one year later.

#### ALL'S WELL THAT BEGINS WELL The excellence of Beefeater Gin springs initially

In fact from the Burrough family's own artesian well, a mere mile or so away from the Houses of

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# Unions prepare for leadership changes

BY PHILIP BASSETT AND DAVID GOODHART

part of a wave of change at the most block voting system whereby the senior level of the UK trade union entire votes for a branch go to the The 380,000-strong to the contract of the UK trade union entire votes for a branch go to the contract of the contr

THREE big British unions - the to win a ballot in which voting will recently presented to the union's The result should be known on municipal, shop and transport begin next week.

The union operates a branch have a commanding and probably 270,000 is expected.

The 380,000-strong shopworkers candidate agreed at a branch meet- union. Usdaw, which also operates The new heads of those unions, plus a forthcoming election for the presidency of the engineering work.

Although the result will not be erry union, will set the pattern for decirably store and the union leaderships for much of the rest of the century.

In the General, Municipal and Boilermakers' Union (GMBU), Mr John Edmonds, the union's public services national officer, looks set and services national officer, looks set and services a branch block vote system, has only one week of voting left. The central trust favourite, Mr Garfield Davies, is clearly in the lead but is facing a stronger challenge than expected from the left-winger Mr Bill Comnor. The right-wing candidate, Mr John Flood, the present deputy genuion's leadership, have been circulating in the GMBU. But the figures The new heads of those unions, ing, no matter how many members a branch block vote system, has on-

Mr Ron Toud was confirmed at the weekend as the new general secretary of the Transport and Generai Workers' Union in a repeat ballot held after allegations of voting irregularities in last year's election.

In a 40 per cent poll, higher than had been forecast, Mr Todd won by 325,586 votes to 248,746 - a convining majority of 78,840, considerably higher than his successful margin in the cancelled 1984 ballot

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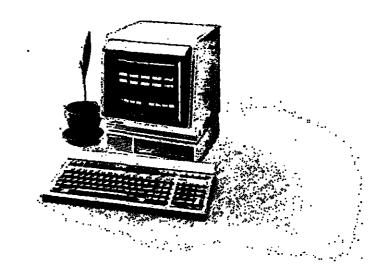
1st July 1985. The capital amount still in cir culation after that date is US \$120,000,000.

been purchased for redemption or

EUROPEAN COAL AND STEEL COMMUNITY By: Commission of the European Communities

Dated: as of June 17, 1985

This is the start of something very big.





#### INTERNATIONAL APPOINTMENTS

#### **Knox takes Standard** Italy job

By Alan Friedman in Milan

MR EIRVIN KNOX has left his post as general manager of Continental Illinois Bank's Italian subsidiary, to become the Milan-based general man-ager of Standard Chartered Bank (Italy). Mr Knox's departure from the Italian branch of Continental Illinois is one of several: he is being joined at Standard Chartered by Sig Giulio Lazzaroni, the former operations manager of the U.S bank's Milan branch, who will have similar responsibilities at Standard Chartered.

Mr Knox, who is 39 years old and was born in Oklahoma, arrived in Milan in August, 1981 to take over Continental's Italian business. He had been with Continental for 12 years. He is taking over from Mr James Mathieson as Standard Chartered's manager for Italy. Standard Chartered's Italian branches (in Milan and Padua) three years, largely because of

bad loans. Standard Chartered, with L150on (\$76m) of outstanding loans in the Italian market, is among the smallest of the 33 foreign banks in Italy. It has a staff of around 100.

Continental Illinois has a

staff of 85 in Italy and total loans of around L400bn. Two other Continental Illinois officers have left the bank's Milan branch recently: they are Mr Patrick Pera, who was Continental's marketing manager, and is now involved manager, and is now involved in corporate banking for Barclays Bank Italy, and Sig Angelo Monteverdi, Continental's former chief foreign exchange dealer, who is now with the Banco di Roma.

UNOCAL CORPORATION has announced the election of Mr Sam A. Snyder as vice president and general counsel of the com-pany, in place of Mr George C. Bond, who is retiring.

### Bagnall quits at Disney

Walt Disney Productions, at this summer, and, following complain the age of 54, comes as the dust retirement, become a Disney holders. settles after last year's battle consultant.
with Mr Saul Steinberg, which ended with the Bass Brothers of Texas holding about 25 per consultant. The retirement is unrelated. Mr Bagnall says, to any plans to restructure Disney's financial count of the Primary south. cent of the Disney equity.

THE PLANNED early retire—of 23 years will hold his present legally unresolved, the decision ment of Mr Michael Bagnall, position, overseeing finance, executive vice president finance, treasury and management information systems, until the end of market prices brought bitter

ent of the Disney equity. shape in the wake of the contest No successor to Mr Bagnall has Mr Bagnall, a Disney veteran with Steinberg. Although still yet been announced.

complaints from some stock-

believed to have conducted a review of the Disney finances.

#### Thunnissen returns to CIC Paris

M JACQUES THUNNISSEN, and Credit Industriel et Combead of the London branch of CIC-Union Europeenne International is to return to Paris to take over the reins of the international division of Credit Industriel et Commercial de Paris.

Both CIC-Union Europeenne

and Credit Industriel et Combeat of the CIC of CIC-Union Europeenne by M Guy Fouchet, 43, who began his career as a legal advisor to the reorganisation of its international division of Credit Industriel et Combeat of the CIC of CIC-Union Europeenne by M Guy Fouchet, 43, who began his career as a legal advisor to the CIC group, which has a balance sheet total equal to \$27.9bn, has operated in London since 1895.

of the U.S. firm.

McElwaine at Columbia Pictures COCA-COLA Company's Columnearly \$1bn in annual revenues elected Kenji Kawakatsu, its promoted Mr Guy McElwaine who provide professional serto chairman and chief executive vices through 425 offices located Toshio Akashi, who will become

officer of its Columbia Pictures division, reports Reuter from New York. He was named president of the division in throughout the world. In the U.S., Deloitte has offices in over 100 cries and employs more than 8,000 people. Mr Richard Gallop, president and chief operating officer of Columbia Pictures Industries, IBM JAPAN has announced the appointment of Mr Carl J.

Corcoran as senior managing previously held the post. Mr Gallop will continue to oversee the motion picture division, as well as Columbia's television director, reports Kyodo from Tokyo. Mr Corcoran, 58, now president of IBM Canada, will take up the post on July 1. and international operations. The appointment it is understood, is designed to strengthen the company's marketing DELOITTE HASKINS AND Sells, the international account-ing and consulting firm, has announced the election by its

Within the industry, it is thought the appointment is partners of Mr J. Michael Cook to succeed Mr Charles G. Steele aimed at stepping up computer sales in Japan. as chairman and chief executive Mr Cook, 42, was managing partner of the U.S. firm. Mr Steele will be 61 in July, next

year, and it is policy for partners to retire by age 62. SANWA BANK, the Japanese Commercial or City Bank, has Power companies. Deloitte has internationally

an adviser, because of the age limit requirement. Yoshijiro Fujii is to be promoted to the new post of vice-

International Signal and Control Group (ISC), the U.S.-run, UK-registered and listed company, has appointed Dr Franco Samoggia chief executive of the group's SLEL subsidiary, SLEL was acquired by ISC on March 1 and comprises four March 1 and comprises four divisions that employ 1,600

PHELPS DODGE Corporation has elected Mr Edward L. Addison a director. Mr Addison, 55, The company has lost its top position in the domestic computer market to Fujitsu and NEC Corporation.

Is president and chief executive officer of The Southern Computer market to Fujitsu and NEC Corporation. is president and chief executive pany, the parent of one of the nation's largest electric utility systems, which includes the Alabama Power, Georgia Power, Gulf Power, and Mississippi

#### Changes at Morgan Guaranty

By Our Financial Staff

MORGAN GUARANTY Trust olders. Company has made executive
The Bass family interests are changes which it sees as strategically important.
Mr Roberto G. Mendoza.

executive vice-president, /has been named to head worldwide merger and acquisition activi-ties, and Mr John W. Spurdle, Jr, executive vice-president, to form an investor services group. Mr Mendoza, 39, had been responsible for the funding services group of the treasurer's division, which conducts the bank's capital markets activities, inclaing underwriting and inclding underwriting and trading securities in the Euro-markets

Mr Spurdle, 47, was respon sible for the banking group that sole for the banking group that serves clients in north and south America, from 1981, and earlier had headed the funding services and foreign exchange and international treasury groups of the treasurer's divi-sion.

PRIBRO-SALOMON, the New York-based investment banking and commodities trading group, has announced several appointments within Phibro Energy, the ments winni Philoro Energy, the trader in oil and oil-related products. Mr Thomas D. O'Malley, 48, formerly president, has been designated chairman and chief executive. Mr Abraham H. Kaplan, 50, has been named president, and Mr Andrew J. Hall, 34, has been appointed executive vicepresident.

JAPAN LINE, the world's second largest tanker operator, has named Seishino Kataoka president, succeeding Takeshi Kitagawa, who becomes chair-Kyodo reports from

TAISEI CORPORATION, the construction concern, has ap-pointed Yasuo Satomi, 59, as successor to the outgoing president, Hajime Sako, reports dent, Hajime Sal Kyodo from Tokyo.

ent is issued in compliance with the requirements of the Council of The Stock Exchange



Ranma-Repola Oy is the holding company and principal operating company of a diversified Finnish group engaged in the metal and forest industries. Its activities are grouped into four divisions: Shipbuilding and Offshore, Engineering, Pulp and Paper, and Mechanical Woodworking. Of companies listed on the Helsinki Stock Enchange at 31st December 1984 Parising. 1984, Rauma-Repola Oy was the third largest by turnover and the seventh largest by market capitalisation.

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Application has been made to the Council of The Stock Exchange in London for all of the 7,035,896 Free Series I Shares of 10 Finnish Marks each in the capital of Rauma-Repola Oy to be admitted to the Official List.

Listing particulars in respect of Rauma-Repola Oy, including details of the securities to be admitted to listing are available in the statistical service of Extel Statistical Services
Limited. Copies may be obtained during normal business hours until 19th June 1985 from the Company Announcements Office of The Stock Exchange and until 1st July 1985

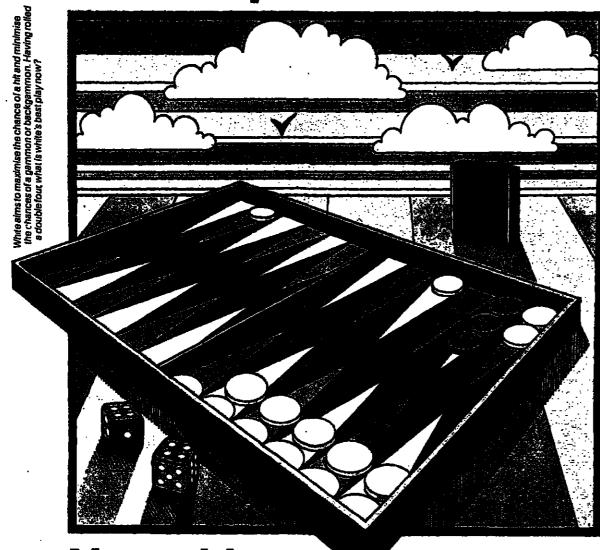
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# Another record year

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intend to continue to take advantage of these opportunities for the benefit of Shareholders Those expectations have been fulfilled. The British economy is expanding satisfactorily;

our management teams are extremely active in seaking out further opportunities both by Directors continue to be optimistic about the Company's prospects in the current

s of the Company's Report and Accounts can be obtained The Chairmen's Office,EMAP plc, Scriptor Court, 3rd Floor, 155 Farringdon Roed, LONDON ECTR 3AD.

FIRST SECURITY GROUP PLC



#### FIRST SECURITY GROUP PLC

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If you are in any doubt as to the action required you should contact your stockbroker, licensed dealer, bank manager, or agent through whom you purchased your stock. The Offer for Sale is published in today's Financial Times and Daily Telegraph.

This advertisement is placed by L. Messel & Co.

Hugin/Sweda takeover

## A new competitor up among the giants

Charles Batchelor on the cash register group's latest strategy

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electronic cash registers, his company has got it right.

Hugin is now trying to establish a foothold in a market which accounts for half of total world demand with the \$67m (552m) purchase of Sweda, an established designer and distributor of cash registers and retail point-of-sale systems, from Litton Industries, the U.S. defence and technology multinational.

Buying a company four times its size in turnover terms will not only stretch Hugin's finances to the limit. It will also catapult the company into a highly competitive market where it faces murden is competition from electronics glants such as IBM, NCR and National Semiconductor as well as from a host of low-cost Japanese

from Electrolux the Swedish Hugin can succeed, he insists, if household appliances group. It can solve certain basic problems. These include: came managing director, the Sourcing. Both Hugin and Sourcing Solve the warre the company was on the verge

In these four years Hugin has systems. But there are signifi-pulled out of manufacturing to cant differences. concentrate on design and mar-keting and the sale of a range of peripheral products. Pope's strategy must be viewed in the light of an analysis of what went wrong before.

In the late 1960s and early Pope notes, this means that it is competitors express than half a million cash registers to the U.S. market. But the manchines were sold through victor International, a U.S. disstributor, with a Victor label on them, and when this arrangement ended in 1974 Hugin had a large installed base but no visible presence in the U.S.

Reluctant to abandon this sizeable market, Hugin tried National Semiconductor of the same custometrs as Omron and with very similar products.

Hugin's competitors express doubts about the manufacturation durant the manufacturation about the manufacturation durant the manufacturation about the manufacturation data and act on it.

Sweda's headquarters operation will have to be streamfuncturing of the cheaper machines?

And outsiders note that Hugin's range of machines is including a development team which is probably too large for Sweda, while geographically broadened by same markets and weak in the same that it is doubts about the manufacturation doubts about the manufacturation in the same and act on it.

Sweda's headquarters operation will have to be streamfunction in the same and act on it.

Sweda's headquarters operation will have to 1970s the company sold no fewer than half a million cash regis-

DAVID POPE, chief executive of Hugin Group, hopes that, finally, at its third attempt to break into the U.S. market for electronic cash registers, his company has got it right.

Hugin is now trying to establish a foothold in a market down, though a six-man team was retained to service the dealer network. But at least Hugin had managed to establish a presence in the market for cash registers for cinemas and amusement parks.

"We wrote in stone that we "We wrote in stone that we would never do that again," says Pope, a youthful 45-year-old. "We tried to go in on someone else's back; we set up a subsidiary for a lot of dollars. Now we are acquiring someone with a proven track record. I have more faith in the way we are trying to do it now."

#### Culture

nost or low-cost Japanese appliers.

"Selling cash registers ranks succeed where Sweda, with the st to selling second-hand cofenormous resources of Litton's culbehind it, failed? "Litton's cul-"Selling cash registers ranks next to selling second-hand coffins," says one European competitor. "There are too many manufacturers and something will have to give. I wish Pope well, but he is going to have a lot of headaches."

It is barely two years since Pope led the management buyout of a convalescent Hugin from Electrolux the Swedish household appliances group.

> Sweda concentrate on marketing and distributing bought-in

> Sweda sources about 80 per cent of its production from Omron, a Japanese manufac-turer, though the U.S. group has developed its own software for systems in specialised areas such as the hospitality market hotels, bars and restaurants. As Pope notes, this means that it is competing for the same cus-

major retailing groups which require sophisticated networks of linked cash registers. Both have committed themselves to scanning systems which permit the automatic reading of bar codes printed on food and other packaging. This saves time on price labelling goods and at the checkout on keying prices into the cash register.

Through Sweda Hugin will

have an involvement both in the Universal Product Code system used in the U.S. and the system used in the U.S. and the European Article Numbering system which is being introduced in Europe. The need for Europewide agreement on standards has meant EAN is four to five years behind UPC. Hugin will thus be able closely to follow technical and market developments on both continents. One of Sweda's problems has been that its products have not always been finely tuned to the needs of European retailers.
The two companies have parallel operations in a number of other countries—the UK, France, the Netherlands, Belgium, Sweden, West Germany and Mexico.

Pope plans to merge both companies national operations—appointing either a Sweda or a Hugin executive as managing director and selling both com-panies' equipment under the Hugin Sweda logo.

A six-man team, based at A six-man team, based at Sweda's Pine Brook, New Jersey, headquarters, will handle the integration of the two companies. Lars Sponsberg, former corporate troubleshooter at Electrolux and one-time president of the Swedish group's U.S. operation, will head the team. Hugin's competitors express doubts about the manufacturing produces and at its apparent inability to select the important

15 June 1985



#### Tough competition in the world market

"ELECTRONIC cash registers are a cut-throat market. We're heading for a repetition of what happened to pocket calculators. World production is 1m machines year. Demand is only 800,000 machines. "We will see dramatic changes over the next two to three years," so says a European manufacturer.

facturer. Hugin's deal with Sweda will inevitably expose it to greater competitive pressures. At the top end of the market for the most sophisticated systems linking dozens of check-outs. Hugin is up against the U.S. electronics giants such as IBM and NCR. Lacking resources and expertise Hugin merely markets the Datachecker system

Despite similar approaches to

headquarters staff in the U.S., including a development team

same markets.

developed by National Semi-conductor of the U.S. In Europe Hugin is pitted against Nixdorf, the West German computer group, Anker Data Systems, originally a German group but now part of BTR, the British conglomerate, and ICL, the British computer maker. ICL has not been a major force in this market but achieved a

breakthrough recently when it won a large order from food retailer Sainsbury for its scanning equipment.
At the lower end of the market the Japanese companies have built up a strong position. Most of the European and U.S. distributors draw on companies such as TEC, Sharp, Omron and

machines. So far, though, the Japanese have proved unable to develop software for sophisticated point-of-sale The outlook is not one of

unrelieved gloom for the European manufacturers. European manufacturers, however. Tougher controls on VAT collection in Italy and Turkey have led to increased demand, while the major retailers throughout Europe now want more versatile systems. In the UK, where annual sales have hovered around the 100,000 units mark for several years, many of the machines installed to cope with decimalisation in the early 1970s are coming to the end of their working

an otherwise profitable business issue to the 30 British insti-into the red. Worldwide operat-tutions which have backed it. It ing profits of \$4m in the year is issuing a further 7.5m shares ended July 1984 became a loss, to Litton in a move which will before interest, of \$11m after give the U.S. company a 20 per charging \$15m worth of over-cent stake in Hugin's equity. heads.
Pope is conscious that the financial strains of the takeover on Hugin mean Sweda must be early 1981, inheriting a 1980 swiftly brought into profit loss of no less than £25m, 70

quarters overhead has pushed means of a one-for-one rights

Hugin has already identified per cent of Hugin's turnover. savings of \$15m on an annualised basis without taking into account the possibility of selling Sweda's Pine Brook headquarters. which is probably too large for To finance the Sweda which made a loss beSweda's own manufacturing purchase Hugin, an unlisted fore interest of \$4m on turnbase.

Pope says Sweda's head- capital by 150 per cent by ended July 1984.

Management game

### Old hands versus the young things

BY MICHAEL DIXON

"CRABBED age and youth can-holds three UK prizes and one come to grips in the final of the computer-based UK national management championship in London on July 9. The four teams still left from the 550 initial entrants could hardly be more neatly ranged.

Two of them, with three memers each, are mostly old hands. While not officially admitting to being more venerable than their "mid-30s," they have unprecedented experience in winning management contests. Between them, they hold 12 individual UK medals and five European Lombard Central, took the UK medals are them.

The other two teams represent the up-and-coming. One is com-posed of four 22-years-olds who just happen to share the same house in Leytonstone. The other consists of five 18-year-olds from Highams Park senior compre-hensive school in Waltham their Advanced-level examinations, their common interest being mathematics. The school side has the distinction of in-cluding the only two women in

Oddly enough their maths teachers who finished third last year. But he says that apart from giving them a bit of help with understanding manage-ment accounts and so on, he has company by themselves.

"They've made us proud," he says of Danny Dryer, the team chairman, and Fran Cannell, Tony Johnson, Chris Mountney themselves Frandanco.

But his pride might not be itogether unalloyed. The

The knock-out was delivered by the Pastmasters. They are led by Paul Webb, a business development manager with Rank Xerox in Aylesbury, who holds four UK and two European medals. The team is completed by the managers from the by two managers from the Shell UK information and com-

not live together," said Shake- European, and Doug Emerson speare. But they are about to who joined the side this year. The reason he did so was the defection of a former mem-ber of the Pastmasters to 3 team called the Night Birds: John Chappell, a management accountant with Rank Xerox in London and also holder of four UK and two European trophies. Both the other members are former Rank Xerox staff. Jim Coakes, the chairman, left to

title playing single-handed in 1979.

#### Identical positions

Leytonstone's representatives, playing under the name Aquarius, are led by Phil Turner who is a trainee accountant with Arthur Andersen, So is Richard Pearson, Phil Smith is a traince accountant too, but with Williams and Glyn's Bank. The fourth of the 22-year-olds, Roderick Roman, is a marketing teacher is Dr Alan Frith, who man with Legal and General, was in the team of school- They played in separate teams last year but got nowhere near

Although sharply split in terms of experience, the four teams will all start in identical positions when they compete for the championship, which has been organised annually since 1970 by the Financial Times. ICL and the Institute of Chartered Accountants in Engand Clare Pamenter who call land and Wales. The CBI and themselves Frandanco. associate sponsors.

altogether unalloyed. The Geoff Trewinnard, will lead schoolteachers' team he was the administrators of the con-playing in this year was put out test. If he wishes, he can dis-Geoff Trewinnard, will lead of business in the semi-finals— array the players by sudden fortunately not by his sixthformers side.

The knock-out was delivered their factories and so on.

But as yet he is apparently not planning to abuse his God-like powers on July 9. "I expect the economic conditions on the day will be not entirely unstraightforward," he says.

"There'll be quite enough puting centre near Manchester, bother caused by the cut-throat They are Geoff Brown, who competition between the teams,"

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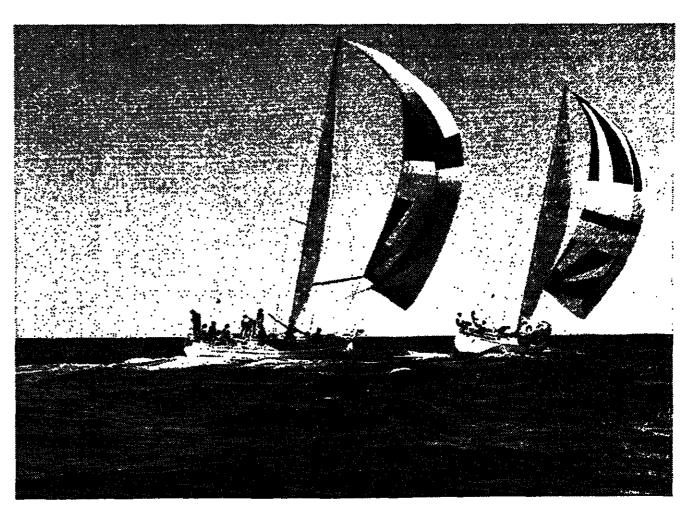
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of Lords in Regina v Christopher Allen TLR June 14 Mr Allen booked a room at

a London hotel for 10 nights from January 13 1983. He stayed on and subsequently left on February 11, 1983. The bill came to £1,286.94. Two days later, he telephoned the hotel's assistant manager. He explained that he contained explained that because of some business transactions he was in financial difficulties. He said that he would return to the hotel on February 18, 1983 to remove his belongings and leave his Australian passport as security for the debt.

distinctions between indebted-

ness and criminality must be considered in any discussion of

last week's rulings in the House

After he arrived at the hotel on that date, he was arrested. He said he genuinely hoped to

difficulties. In November 1983, he was erroneous in law.
convicted at Southwark Crown On May 16, 1984 the Appeal
Court of making off without Court allowed his appeal, and convicted at Southwark Crown

the spot for any goods supplied or service done is required or expected from him, dishonestly makes off without having paid as required or expected and as required or expected and with intent to avoid payment of the amount due shall be guilty of an offence."

A defendant can be tried for this either at a magistrates' court or by jury at crown court.

There are four elements of which dask indicate the magistrates' court.

There are four elements of There are four elements of the offence: that the defendant in fact made off without making payment on the spot; that he knew payment on the spot was required or expected of him; that he acted dis-honestly; and that he intended to avoid payment. to avoid payment.

he had acted honestly and genuinely expected to pay the hotel bill from the proceeds of various business ventures. He intended, at the most, to delay

Mr Allen's defence was that

or defer payment.

The judge directed the jury that a person made off with intent to avoid payment if he inended to avoid payment at the or defer, an intention to evade

INDEBTEDNESS as such is not be able to pay the bill and time payment was due. The propayment altogether. Yet a crime in England, even denied acting dishonestly.

In March 1983, when the bill Mr Allen intended permanently consider as deler or deler as dele tt may on occasion be an was still unpaid, he gave to avoid paying the hotel bill. to delay or defer payment was element of a criminal offence, details, in a public interview, Mr Allen appealed on the to be unlawful, the section. The legal connections and of his financial problems and ground that the trial judge's could and should have been distinctions between indebted. directions to the jury were

> ruled that an intent to avoid Section 3 of the Theft Act payment permanently was a 1978 provides that "a person necessary ingredient of the who, knowing that payment on offence of making off without

payment.
This was not acceptable to the prosecution. There was a further appeal to the Lords which last Thursday failed.

If the intent to avoid pay-ment meant, or was taken to include, no more than an inten-tion to delay or defer payment of the amount due "it is diffi-cult to see what it adds to the other elements" of the offence. Anyone who knows that payment on the spot is expected or required and who then dishonestly makes off without pay-ing as required or expected must have at least the inten-tion to delay or defer payment."

It followed that the phrase "and with intent to avoid payment of the amount due" ad-ded a further ingredient—an in-

The other reason for the conclusion was that if an intention worded unambiguously and ex-plicitly as " with intent to avoid payment of the amount due as

required or expected." These views of the law contrast strongly with the opinions of some academic lawyers. For example Professor Edward Griew said in his textbook on the Theft Acts: "Section 3 does not require an intent to make permanent default

"The phrase ' intent to avoid payment' . . . clearly means an intention to avoid the on-the-spot payment known to be required." If a defendant in-tended to pay later, his defence must be that he did not make off dishonestly.

This academic view did not the customer knows that he is expected to pay on the spot for goods supplied to him or ser-vices done for him it should be an offence for him to go away without having paid and intending never to pay."

The Appeal Court ruled that

this report could not be referred to or relied upon as an aid to interpreting the 1978

report was relevant to enabling a court to decide and define the nature of the mischlef to be dealt with by Section 3 of that

This represents a useful contribution to the rules governing the interpretation of statutes.

In his speech, Lord Hailsham suggested it might be worthwhile to create a criminal offence to protect cab drivers restaurateurs against people who dishonestly absconded without paying on the spot. This offence could be

tried only by magistrates. The prosecution would not have to prove the defendant's intent to avoid payment or disprove the intention to pay later, but would have to prove that the making off was dishonest.

This suggestion was made cautiously, and should be con-This academic view did not correspond with the view sidered cautiously. The creation of new crimes puts further of the Criminal Law Revision Committee which resulted in the 1978 Act. The committee wrote:

"There was general support for our suggestion that where the customer knows that he is expected to nay on the spot for reduce the causes and the correspond with the causes and the causes and the correspond with the causes and the causes and the correspond with the view sidered cautiously. The creation of new crimes puts further reduce the causes and the occurrence of crime.

In any event, are criminal senctions appropriate to deal with persons who intend to delay or defer payment of their debts as distinct from persons who intend never to pay their

. . . . .

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17 June, 1985

New Issue

June 1985



£50,000,000

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#### **APPOINTMENTS**

### Mitchell Shivers joins Kleinwort Benson

Mr Mitchell Shivers has been appointed to the board of KLEINWORT, BENSON and will become president of Kleinwort, Benson Inc, the underwriting and securities dealing subsidiary in New York. He has also been appointed president and chief ppointed president and chief secutive officer of Kleinwort, Benson Government Securities Inc. the Chicago-based primary dealer in U.S. government securi-ties. Mr Joseph Plauché will remain an executive director and trading manager of KBGS. Mr Shivers was with Merrill Lynch Sinvers was with merriti Lynch from 1973 to 1981 before joining Samuel Montagu and Company in London, where he was an execu-tive director and member of its management committee. At Samuel Montagu, he was deputy head of its international capital markets division, responsible for syndication, trading and sales.

Mr Quinton Hazell has been appointed a non-executive direc-tor of BANRO INDUSTRIES. He was the founder and chairman of Quinton Hazell (now part of Burmah Oil). He is also a direc-tor of Hawker Siddeley Group and Foreign and Colonial Investment Trust, chairman of F and C Enterprise Trust and president of

appointed a director of BULL THOMPSON AND ASSOCIATES.

Mr Brian G. K. Downing, managing director of BENN BROTHERS, has also become chairman in succession to Mr chairman in succession of his Alan B. Brooker. Mr Brooker is chairman and chief executive of Extel Group, which acquired Benn Brothers two years ago. Mr Downing is a director of Extel Group end joined the company in October last year to take over responsibility for the manage-ment and development of Extel's publishing interests. Previously he was 25 years with IPC Maga-zines and Mirror Group News-

Mr Peter Bleknell has joined ST JAMES'S and has been appointed a director of St James's Public Relations from June 17. He has been director of

CIAL BUILDING SOCIETY has made the following appoint-ments: Mr R. Keith Mather

acquired the business of Bull responsibility for housing. He Holmes (Management). Mr Hann was housing manager. was a director with Odgers and Mr Jim Ellis, SEEBOARD'S

marketing manager, has been appointed commercial director designate from July 1 and will succeed Mr John Fuller when he retires on December 31. CIATION. Both Mr Brian CIATION. Both air Brian Donney, of Denney O'Hara, and Mr David Palmer, chairman and chief executive of Willis Faber, were re-elected as deputy chair-

HONGKONGBANK group has appointed Mr Edward Clifton-Brown manager of a new private benching department to service customers of the Hongkong and Shanghai Banking Corporation and the British Bank of the Middle East in the UK. Mr David Clasper and Mr Peter Day have been appointed assistant managers.

June 17. He has been director or European public affairs for Ckibank since 1977.

\*\*NATIONAL AND PROVINCIAL BUILDING SOCIETY has made the following appointments: Mr R Keith Mather diarmid becomes solicitor to the society. He was mortesse services the ioined the group in 1965 and 1965 and the ioined the group in 1965 and the ioined the group in 1965 and 19 since 1975 has been group finance S. B. Russell, group chief accountant. The following senior executives, who were appointed associate directors in 1977, are

J. E. Christian, Mr R. Hextall, Mr A. S. Markson, Mr D. L. Marlow and Mr G. Smith.

SIMMONS & SIMMONS has appointed the following new partners from July 1: Mr Paul Mitchard, Mr Gordon Stewart, Mr Christopher Wilkinson, Mr David Thompson, Mrs Helen Newman and Mr Martin Coraish,

Mr Christopher Wright has been appointed assistant general manager for COLONIAL MUTUAL LIFE ASSURANCE SOCIETY. He was previously manager for the Society for the whole of New South Wales.

THE ROYAL BANK OF SCOT-LAND is offering facilities for setting up a franchising business. To co-ordinate the work of inchivihas acconted as franchise manager Mr Ron Campbell. Until taking up this new post, based in the head office in Edinburgh, Mr Campbell worked as part of the business development team based in Aberdeen. The sister bank, WILLIAMS & GLYNS, has established similar facilities, and has appointed as its franchise manabard Street. He was mana the King's Cross branch.

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Dated: 17th June, 1985

#### THE ARTS

#### Architecture/Colin Amery

### The tricky art of judging public taste

ARCHITECTURE Colin Amery aims, as this quotation from the report shows: "The commission indoments mission sounds, from its very title, as though it ought not to exist. What has "fine art" to do with committees, or with royalty for that matter? What committee of faste ever did fact, this makes its activities. committee of taste ever did In fact, this makes its activities

of artistic importance" as may have been referred to it by government or public bodies. From this role as a passive deliberator, it has been further empowered to look at projects or development which the empowered to look at projects or developments which "may appear to affect amenities of a national or public character." To this end, the commission has been given the powers to sum-mon architects (even artists?), call for plans, and visit sites. It can only give advice, which is sometimes taken but just as often ignored.

Last week, the commission published its first report for 12

published its first report for 13 years in which it airs its worries and reveals its methods, often trying to explain the unexplainable. The secretary, Sherban Cantacutino. Tries in this document (Royal Fine Art Commission, Twenty-Second Report 1971. 1934, Cmmd, 9498, HMSO), and with considerable success, to explain how this strange body works and the results it has achieved.

mission's views on high buildings did not stop the Hilton hotel or the Knightsbridge barracks from ending the illusion that the royal parks are a rare form of Elysium. Public opinion runs ahead of bodies like this.

The report calls insistently for an architecture that is appriate to its surroundings; but admits, more than a little natively, that achieving this would be easier if "more archipublished its first report for 13

At present there are 15 commissioners under a chairman, Sir Derman Christopherson. Nine are architects and the others a mixed bag of historians, one sculptor and, as the report puts it, "overlapping" members of other committees in similar fields.

This report shows they are One is tempted to ask, what a hard-working bunch. Over price creativity? their involvement in the traditional fine arts extends. Francis Bacon or David Hockney are not hauled before these august judges and asked to explain themselves.

Taste is a tricky area. This and in the dock.

more than talk about the subject among its members?

This one was founded in 1924 "to inquire into such questions of public amenity or of artistic importance" as may the very least, guidelines to tell

the very least, guidelines to tell us all what we should like to look at.
In fact, its activities are both much more harmless and more helpful than that misleading

definition would suggest. What influence it has seens from the public's uncertainty -:- is real function. The reportificult it is to be a judge in the realms . collective wis ....

ped a great dea: o. v...y bad commercial architecture spoiling our cities. The com-mission's views on high build-ings did not stop the Hilton botel or the Knightsbridge bar-racks from ending the illusion

would be easier if "more archi-tects were prepared to forego their urge for self-expression and adopt instead the more modest approach of trying to understand the nature of the site and of the existing build-ings to which their own design should respond." Surely it means more bad architects . . .?

the 13 years they have looked It is hardly surprising that at hundreds of schemes and there has been what the report lack of bureaucracy can speed Conference Centre by Powell proposals — all of them archical a "collapse of confidence" up the planning process and Moya: all are examples of tectural or environmental. A in the arbiters of taste when assist in raising provincial stanglance at a (usually unsatisfac-tory) public sculpture is as far much recent architectural mediocrity have in the past 18 years actually been members of the Royal Fine Art Commission. It is not possible to ask for confidence in your opinion if you are simultaneously on the jury



Charlie Chaplin in Leicester Square and the new Chinese Embassy flourish despite the efforts of the Royal Fine Art Commission

dards.

much public sculpture, the over-use of mirror glass in many rejected by public inquiry and buildings, the prevalence of a will not be built. kind of "planning permission There is no mention in the kind of "planning permission There is no mention in the vernacular," and the dangerous report, either, of the extensive

the impression that the Royal troy their premises. But many Fine Art Commission has of its strongly-held views can achieved nothing in these last be disputed. The commission's years. In the 1980s, in particular, it has made great efforts support for the Coin Struct proposal, it has made great efforts to help local authorities. In the National Gallery "carfact, its most useful role has been as a body to which the and oversemed Arm Accounts." been as a body to which the and over-scaled Arup Associates local authorities can turn as an library at Clare College; and outside arbitrator—here, the for the rather dubious looking commission's independence and Broad Sanctuary Government assist in raising provincial stan- the received taste of a certain dards. generation. There are equally
The commission is right to strong and valid opposing views
deplore the low standard of on all these works of architec-

and in the dock.

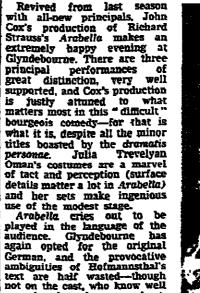
It would be wrong to give embassies to vandalise or desout by extravagant water

loss of so much of quality in the London docks is unrecorded here, the rash of out-of-town shopping centres has not merited comment, and there are other gaps. But 13 years is a long time to wait for a report and in future it will be a regular annual statement which would be useful for all concerned with the environ-

mission continuing the work it has started to encourage

patronage of good architecture particularly, from commercial sources — but I doubt we ever could agree on a suitable defini-tion. The Royal Fine Art Commission is a kind of aesthetic and nanny is not

Arabella/Glyndebourne **David Murray** 



not on the cast, who know well enough what they are about. Perhaps an English version could not have accommodated Peter Weber's Mandryka or Ernst Gutstein's Count Waldner, who are too good to lose. Gutstein's amiably seedy Count is a very model, gracious and shifty, with full resourcea of voice and gesture to lay the character bare, and he is genuinely funny.

That is partly because he

That is partly because he keeps in mind how old Waldner looks from the outside. All the other major roles are played at their own valuation, losing some their own valuation, losing some ironic edge but making the sentiments full-blooded. That Mandryka, Arabella's unexpected Croatian suitor, is a pected Croatian suitor, is a horself is a small, appealing noble soul emerges perfectly in Weber's splendid incarnation Farkas, safer in recitative than in many demanding music bloom. pected Croatan suitor, is a noble soul emerges perfectly in Weber's splendid incarnation (bearded, lofty, a-tremble with devotion); we hardly see that he is also a little bit ludierous, nor do his earlier scenes give a hint of his innocently brutal side—though his violent reaction to the crisis, when it comes, is impressive. That said, it is still a moving, richly detailed

performance. In love or looking forward to it. Felicity Lott's Arabella is wonderful. The singing is pure gold, the warm authority of her



Zdenka (Katalin Farkas) and, right, Arabella (Felicity Lot)

see is the dazzling connetter sho first arrives severe and unsmil-ing, which makes no sense of sister Zdenka's feelings about debutante ways, and pre-empts in more demanding music. Her raptures are nice, though the dizziness of the character is rather missed.

Their moher is Elisabeth Glauser, who could pass for another siscter, but makes an unusually positive Adelaide: big voice, interesting timbre much vivacity. Jerome Pruett is an upstanding young Matteo, perhaps too straight and senhe gets himself into, but against Miss blessedly un-weedy. David elevated line.

Hillman's Elemen blusters and preens, which must be wrong: Elemer needs to be a decently plausible candidate for Arabella's hand. Among the lesser suitors, Geoffrey Moses offers a particularly charming cameo of Lamoral, bespectacled and bemused. The role of the Frakermilli is

one of Strauss's worst inven-tions; Karen Beardsley, plucky and strident, does what she can with her. There is a good Fortune Teller from Enid Hartle. Happy memories of Andrew Dayle's conducting of Capriccio, a few years back, are confirmed by his lively and sympathetic work here. The London Philharmonic mostly plays admirably but the string solos in "Dein Elemer..." sounded crudely smoothy against Miss Lott's assured,

#### Pound/ADC, Cambridge

of an amateur. He wrote fortnightly music criticism in the spare, with solo instruments New Age from 1917-20, and a either in momentary unison "Treatise on Harmony" in collaboration with the avant-garde rudimentary counterpoint. The American composer George comparitive austerity of tex-Antheil. His interest in the ture is leavened by occasional troubadours and friendship with Arnold Dolmetsch led logically to the pre-Baroque and to Le Testament (1923), which marches shoulder to shoulder

"Opera" is not quite the right word—10 years ago Le Testament would have been called "music-theatre." It is more a linked song-cycle, set-tings of Villon's poems of the tings of Villon's poems of the same title lasting under an hour and involving nine soloists and a chamber orchestra of 15. A sense of unity is suggested by the raunchy subject matter and, musically, by a ritornello for may well be more spirit at may well be more spirit at times tamer than Pound at times

The accompaniments are mostly

with Satie and Stravinsky in the post-war anti-neo-romantic movement.

"Opera" is not quite the same time signature. Gordon Fairbairn coped calmly, if with-out achieving ideal precision of ensemble; the word "unison" could be used only relatively. The instrumental solos sounded at times tamer than Pound

Ezra Pound's first opera, Le

Testament de François Villon
(his second, Cavalcanti, remains unperformed), was given its first staged performance in Britain on the occasion of the poet's centenary as part of the Cambridge Poetry Festival.

Pound's involvement with are few and far between and meant that there was a good Pound's involvement with are few and far between, and meant that there was a good music was more than just that plainsong-style monody prevails. figurative sense, and the whoces were as brazen as only amateur whores know how. A sparer, indeed alienated style of presentation would surely have yielded more and been more in tune with the Zeitgeist.

ensembles and moments of diatonic harmony; the long a cappella final chorus, "Frères humaines," is in every sense the climax of the work.

The piece must be the very devil to conduct no two successive here seem to hear the least the successive here seem to hear the least the successive here seem to hear the least t fully projected, and Rachel Sherry sang with much beauty as Villon's dead mother

Coins and medals on

#### Maazel/Barbican Hall

#### Max Loppert

Great C Major and The Rite of Spring; last Thursday it was the Mozart G minor, K550, and the Chaikovsky Fifth Sym-

phony.

appearing here only with visiting orchestras, Lorin Maazel has
returned to conduct two London
Symphony Orchestra concerts.
Both take the same simple,
satisfying form—a great Viennese Classical symphony followed by a Russian masterwork.
Saturday brought the Schubert
Great C Major and The Rite of

min mpressive breadth of
purpose. Thereafter, however,
ponderousness took over. No
spring or lift invigorated the
articulation of the Andante, no
breath of freshness took over. In its
way, the control over such
massive Mozart was masterly;

Maazel remains a master of mazzer remains a master or concert craft — the occasion made that clear. He knows exactly what he wants out of an orchestra, and exactly how to achieve it. The problem with his concert readings, I find, is that what he wants on often that what he wants so often appears to be an overall effect of cool calculation; the music-making so often lacks spontaneity, warmth, genuine flow. On Thursday, the G minor On Thursday, the G minor Symphony was given a very stately performance. Despite the reduction in the number of string desks, there was no attempt to lighten the execution of those players that remained; instead, the contours of the musical argument were themselves enlarged. This process

After a long-ish period of beaviness of gait—unfolded appearing here only with visit- with impressive breadth of

but massive Mozart that remains obvious as such is not a very pleasurable experience. The Chaikovsky symphony sounded rather less unidiomatic. Again, there was much about the control of its unfolding that had to be admired— where some conductors rush towards climaxes and make a huge noise when they get there. Mazzel and the LSO reached

them steadily, and kept a nice balance of forces even in the heaviest climax. Yet once again, the "studied" side of the conductor insinuated itself between the lightenest steady the tween the listener and the music, inserting self-conscious punctuation points into the melodic phrasing, placing Chaikovsky's interrogations or desperate interruptions with the artfulness of a highly practised public orator. The grand tragic sweep that is this symmusical argument were themmusical argument were themselves enlarged. This process tragic sweep that is this symwas at its most successful in phony's authentic style of
the first movement, which—
address was nowhere in
had adjusted to the evidence.

#### He Who Gets Slapped/Sir Richard Steele **Michael Coveney**

to convince us that he is a

dyed-in-the-wool circus manager

by wearing big boots and peer-ing down his nose at anyone

act, an abundance of ginger

Leonid Andreyev's 1915 play. Mr Lines once again, tripping tion, rambling and indecisive in about a ponderous intellectual over his namesakes and aiming the later stages, fails to convey, assuming the role of a white face clown and masochistic butt in a travelling circus is the latest example of an unfortunate fringe theatre phenomenon:
the amateurish, uninspired
studio troupe—the Sir Richard
Steele pub is on Haverstock
Hill NW8—traps the inquisitive
critic (and the odd gullible
support of the inquisitive critic (and the odd gullible of the inquisitive critical critica customer) on the bait of a rarely-seen classic.

Brien Valley and Francesca Boyd. Striped circus canvas surrounds the acting area, there surrounds the acting area, there is a fair stab at conjuring the aroma of the Big Top with the occasioned clownish tumble and ambulant talking white bear; the use of bare bulbs and decorative masks is pleasant enough. But Adrian Jackson's produc tion fatally misses the potent mix of Gorkyesque realism and

ambitious symbolism that was Andreyev's trademark. Characters such as Rosie Best's chain-smoking gypsy lion-tamer and Simon Linnell's leech-like Italian count are mere sketches trainin count are mere sketches in self-absorption fired hope-fully over the audience's heads, careless both of others around them and of stage properties. Drinks are spilt and eigarettes dropped on the floor with the true panache of coarse theatre, a term I have not had cause to employ since I last saw Graham Lines (in Bus Stop at Sonning) and here is the indefatigable

successful vulgariser of "His" successful vulgariser of "His" oacked tango queen, either, ideas and successor in "His" Consuela's athletic blond col-legue Bezano (Jason Wat-love you even when we're in bed." Steve Fitzpatrick's adapta-to that particular bill.

the later stages, fails to convey, liarly intense and melau-cholic despair at the root of "His" adventure.

unclear and the cast is unable to survive the high-flown defini-In this case, because the production was first mooted at Riverside Studios, there is at actor on view, Killen McKenna, see foam flying to the sun. I backed tango queen either. Consuela's athletic blond col-

#### Faceless Foreigner still attracts

Foreigner must be one of the stage presence, exciting as wax most faceless of supergroups, in the ears, Even the music is performances at Wembley they also seemed the most feature it looked as if the audience

and for much of their weekend energetic rather than exhilirat-

less. Still, it is hard to argue was having doubts, too. It was with album sales of over 25m and a full Arena. For some reason, thre are enough customers for Foreigner's brand of heavy metal with keyboard excesses as against their many stirred. This slow ballad suits the vocals of Lou Gramm and. more flamboyant competitors. the vocals of Lou Gramm and, It cannot be their looks; the although it sounds like the four Anglo-American members perfect melody for a Coca-Cola would look anonymous in a commercial, it did warm up dole queue; nor can it be their the night.

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### Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts ap-

#### LONDON

ondon Philhermonic Orchestra and Brighton Festival Chorus conducted by André Previn and Pinchas Zu-kerman, violin. Jacob Druckman, Mendelssohn and Ravel. Royal Feshamnessons and havel Royal Fes-tival Hall (Mon). (9283191). Infional Youth Jazz Orchestra con-ducted by Bill Ashinn and Paul Hart. Queen Elizabeth Hall (Mon).

(9283191)
Pinchas Zukerman and Marc Neikrug,
violin and piano. Beethoven, Prokofiev and Latoslawski. Royal Festival

Hall (Tue).

Chamber Orchestra of London and Tallis Chamber Choir conducted by Philip Simms. Mozart. Barbican Hall (Tue), (638 8891).

Royal Philharmonic Orchestra conducted by André Previn with Vladimir Ashkenazy, piano. Brahms, Beethown and Walton. Royal Feating Hall (Med.)

Beethoven and Walton, Royal Fes-tival Hall (Wed).

Royal Philibarmonic Orchestra con-ducted by André Previn with Pin-chas Zukerman, violin and Yo Yo Ma, Cello, Brahms and Prokofiev. Royal Festival Hall (Thur).

London Symphony Orchestra conducted by Barry Duckwell, horn, with Oleg Maisenberg, piano. Wagner, Mozart, Beethoven, R. Strauss. Barbican Hall (Thur).

Orchestre National de France conduct-ed by Wolfgang Sawallisch: Bee-thoven's Missa Solemnis (Mon). Saint-Denis Basilica, Metro Saint-

Denis (524 1516).

piano: Brahms, Roussel (Mon). TMP-Châtèlét (233 0000). Julia Varady, recital, Helena Bachki-ruva, piano (Mon) Théâtre de l'Athe-née (142 6727). Badu Lupu, piano: Beethoven, Schu-mann (Tue). Théâtre des Champs Flusées (1723 4777).

ITALY ome: Auditortum of Via della Concil-iazione: Zubin Mehta conducting

Elysées (7234777).

the New York Philharmonic Orches-tra im Mahler, (654.1044).

Milan: Teatro Alla Scala: New York Philharmonic conducted by Zuhin, Mehtz, Georgas Crumb's A Hamsed Landscape, Dvořák, Ravel and Mo-zart (80.91.20)

zart (80.91.26)
Torenes: (Maggie Musicale): Teatro
Commale: Zubin Mehta with the
New York Philharmonic playing
Bach, Druckman and Strauss
(Mon). On Tuesday Christian Badea
conducting the Orchestra of the
Maggio Musicale, Scarlatti Dallapiccola, Wagner and Strauss
(27.79.238)

#### **NETHERLANDS**

imsterdam, Concertgebouw, Ivo Pogorelich, piano. Schumann, Prokofiev, Chopin (Moa). Mannicio Kagel's Die Mutation from the Radio
Philharmonic Orchestra and the
Broadcasting Choir and Chamber
Choir conducted by the composer,
with Peter Borchard, narrator, Bart
Hermelijn, mime and Maarten Bon,
piano (Tue); Kyung-Wha Chung, violin, and Kristian Zimmerman, piano. Beethoven, Schumann, Web-Beethoven, Schumann, Web-Respighi (Thur). Recital Hall: Cecilia Consort, Bartok, and

#### June 14-20

premieres of works by Tristan Keuris and Jan-Rokus van Roosendael (Tue). Lunchtime concert from the Matisse Trio (Wed). (718345) The Hague, Congresgebouw. Hans Youk conducting The Hague Phil-harmonic, with Roberta Alexander, soprano, Jard van Nes, contraito,

and the Rotterdam Toonkunst Choir under Jan Eelkema. Mahler (Thur). (54800).

Retterdam, De Doelen. James Conton conducting the Rotterdam Philharmonic, with David Golub, piano. Beethoven (Wed). (142911).

Kyang Wis Chang, violin, and Kristian Zimmerman, piano. Beethoven, Schumann, Webern and Respighi, (Mon). Konzerthaus, Mozart Saal.
Vienna Holburg Orchestra conducted by Gert Holbauer. Waltzes and Light Opera (Tues and Thurs). Much

#### TOKYO

ducted by Koznyoshi Akiyama; pi-ano, John Kimma Parker, Brahms, Mahler. Tokyo Bunka Kaikan. (Tue) (571 1689; 237 9990).

NHK Symphony Orcehestra, conduct-ed by Hans Drewanz, soloists John O'Conor, Yukie Okura. Beethoven, Mahler. NHK Hall. (Wed, Thur).

Edith Pight-Avenfield and Naoyuki Inone, (piano); Mozart, Brahms, De-bussy, Schubert, Kan'i Hoken Hall, Gotanda. (Mon) (4612580)

#### Saleroom/Antony Thorncroft

#### Mantegna and Getty

the £20m given by J. Paul Getty, Gallery of Scotland, who Jnr, to the National Gallery—to faces a daunting task. Its greater be raised to £50m as soon as resources will ensure that the National Gallery might secure possible—has died down, a more rational view can be taken of the generous gift. It will not enable the National Gallery "David with the head of to acquire any picture it wants, but it does give it wants of the control of the possible which sold at Sotheby's in April for \$22 m with the but it does give it more of a chance when competing with the richly endowed museums of

by the news on the same day that Lord Gowrie, the Minister for the Arts, was withholding for six months an export licence on Mantegna's painting "The Adoration of the Magi," which the J. Paul Getty Museum at offer by the fashionable Tissot Malibu bought at Christie's in Anril will be shown in two paintings

April. Mantegna, and the UK now has the giants of his day who still six months to raise a matching awaits modern appreciation. sum. But, even when it has all His "Chloe." in perfect conits £50m invested, the extra dition, should exceed £160,000. National Gallery gains approaching £5m a year, plus its existing purchasing grant of £2.3m from Waterhouse: a recent redisconnection of £2.3m from Waterhouse: a redisconnection of

Now that the euphoria over Timothy Clifford of the National in April for £2.2m, with the National Gallery among the

under-bidders.
Although Sir Michael Levey. the U.S.

The additional purchasing director of the National Gallery, is anxious to buy pictures by money was put into perspective more modern artists, or rather works of the late 19th and early 20th centuries, he will not be bidding at this week's most important auction—19th century paintings at Sotheby's on Tuesday evening. Although there are works on

Malibu paid £8,247,500 for the by Sir Edward Poynter, one of

the Government, would still covery, it had sold at Sotheby's leave it short of the price of the in 1934 for £86 and was later one Mantegna painting.

Not that the National Gallery is especially interested in this of the best paintings by George Frederick Watts to appear on work: it already has on display the market in years, "Diana four Mantegna paintings. It will and Endymion," is modestly leave the rescue operation to Mr estimated at £15,000-£25,000.

### **FINANCIAL TIMES**

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Monday June 17 1985

### Jeux sans frontières

THE EUROPEAN commission has responded with relish to this objective. It invites the forthcoming Milan summit to define the goal as nothing less than the removal of all intra-European frontier formalities by 1992. Then, with remorseless logic, it spells out the

"They asked for it. They've got it," says the zealous, new internal market commissioner. Lord Cockfield. As his tone implies, there is something in this White Paper to make every member apparatus to the design of the control of the member government shudder. Checks, whether for drugs, terrorists, unhealthy food, sick animals or merely the gathering of trade statistics will have to move from frontiers to the interior of the member states.

Freedom of choice

There will have to be a quantum leap in each member's acceptance of the standards applied by all the others. This move towards "mutual recognition," rather than strict harmonisation, will have to apply across the board from industrial standards—where it has already been accepted—into much more contentious into much more contentious areas such as import policy, immigration policy and supervision of financial services. Governments will lose a great

deal of their freedom of choice deal of their freedom of choice in the way they raise indirect taxes. Total tax harmonisation will not be required any more than it is in the U.S., where different states apply different sales taxes. But the variations in the Community led the charge in between European countries in excise and VAT rates on different products will have to be much smaller if border controls are to be removed without inviting tax fraud and

It is not hard to predict the objections that will be raised by the member states. The tax plan will cause grave reserva-tions in Ireland, Denmark and Britain. Germany will balk at mutual recognition of financial

and Italy will worry about the free market, free trade undertone running through the document. Little more than lip servested interests and national vice is paid to the idea of EEC attitudes to be cleared away, it spending programmes to im-prove European technology or to support Europe's problem

been portrayed too honestly to a request by the European be acceptable and that governments will now challenge the basic premise of the White Europe by 1992. Its White Paper, Completing the Internal Market, is not a compendium continued the many different paths to the timetable of some 300 decisions the Commission is asking. chiefly this premise that drives the timetable of some 300 decisions the Commission is asking the Council to take by 1992. This is Lord Cockfield's equivalent of Customs Union, the goal which spurred the EEC in its first 12 years.

The Commission can justify its stance by referring to state-ments of the founding fathers and numerous directives and communiques endorsed by the council. But there are two more compelling reasons why this White Paper deserves support. The first is that the European economy needs shock therapy if it is to hold its own against if it is to hold its own against a reinvigorated U.S. and the newly emerging industrial nations and to allow less developed countries to profit from their comparative advantage. Mounting unease about "Euroscierosis," reflected in the article on this page has brought the idea of the internal market

to the fore.

The second point is that the Commission has rightly exploded the fallacy that Europe can somehow enjoy the benefits of a market of 320m people without substantial concessions of national sovereignty. The White Paper shows clearly that the internal market offers no painless way to develop the

The UK, in particular, faces challenge. Partly to defiect further political development in the Community, Britain has led the charge in demanding the free internal market implicit in the Treaty of Rome. Its vision will appear particu-larly cynical if it now insists that what it really wants is the internal market a la carte with progress restricted to those areas where the UK is already well-placed or virtuous.
With its points of entry

being, by nature, both internal and external to the EEC, and with its physical separation ference for border controls over internal scrutiny. France and Italy will worry about the commission's vision, and the approximation of the commission of the commission

With such a mountain of vested interests and national will be a miracle if Europe's border posts are dismantled by 1992 whatever the government areas against the impact of leaders decide in Milan. But the freer competition. The question of Europe's external commercial policy is left open.

The desired in Milan But the European Community needs a clear and pragmatic goal and the Commission has provided a the Commission has provided a There is a real danger that worthy one.

OR THE past three years, western Europe has been wrestling with its worst crisis of economic self-confidence since the first Opec oil

shock.

Dazzled by the brash euphoria of the U.S. economic resurgence and the relentless industrial advance of Japan, Europe has been wondering why it has been left out of the

party.

Much of the vigour and self-assurance it exhibited for almost three decades after the Second World War have evaporated. Fears are widely expressed that, at best, it can hope only to arrest a further decline in its relative growth and international competitiveand international competitive-ness; at worst, that it will slide steadily into an economic and technological backwater.

Many leading European industrialists are scathing about

industrialists are scathing about its lack of dynamism and fragmented, sluggish markets. Dr Wisse Dekker, chairman of Philips, the large Dutch electrical and electronics company, warned recently that unless things improve soon, multinational concerns will pack their bags and leave.

Non-Europeans, led by the Americans, have been happy to point the finger. On a recent

point the finger. On a recent visit to Japan, the politest comment was that Europe was "very conservative" I wish you a happy catastrophe to make you wake up," was the prescription of one leading industrialist.

Such sweeping generalisations reshound to invite considerations

arebound to invite exceptions— particularly when they concern 20-odd countries whose strongest common trait is diversity. Critics who speak of Europe as if it were a cohesive entity may be unintentially flattering: contrasts between the relative econ-omic and industrial strengths of different European countries are often at least as sharp as those with the rest of the in-dustrialised world.

Europe has some big inter-national successes in industries as varied as pharmaceuticals, food processing, space launchers and motor vehicles. Less conspicuously, countless smaller companies have also carved out solid niches in world markets for products which are often mundane but nonetheless highly profitable.

None of these qualifications can, however, conceal Europe's collective failures and self-inflicted handicaps. Three stand out:-

net new jobs since 1970 contrasts with a stagnant European jobs pool.

 Preservation—often with government support—for out-dated and fragmented indus-trial structures suffering excess trial structures suitering excess capacity and inadequate economies of scale. While precocious upstart firms have shaken up large tracts of U.S. business, Europe has staked its hopes largely on established companies. When these shed labour, there are few precomments to take there are few newcomers to take up the slack.

A flagging effort in high-technology. The Paris-based Organisation for Economic Co-operation and Development warned recently that on recent trends, "Europe would increas-incly tond to become a not supingly tend to become a net sup-plier to the rest of the world of food and raw materials and low-technology manufactured some in the industries, he wor-

Can Europe catch up?

# A divided continent in search of its lost vitality

Guy de Jonquieres in the first of a major series



flerce competition from less future unless Europe makes a developed countries.
European-owned companies

European-owned companies account for less than 10 per cent of the world semi-conductor and computer markets. The U.S. and Japan respectively sell the EEC three and five times more computer equipment and electrical goods than they buy from it and use between four and five times more silicon chips per capita.

To a large extent, Europe has performed best in those industires where it has been able to build incrementally on an existing comparative advan-

an existing comparative advan-tage, such as specialised engineering and manufactur-ing. Though the initial impact of the new technologies caught almost everyone by surprise, adaptation has invariably gone most smoothly in countries such as West Germany, Sweden and Switzerland which have traditionally set much store by a high level of technical skills

and training. Where Europe has most obviously failed is in capitalyising on technological innovation to create any really flourishing new types of economic activity. In spite of the recent emerg-ence of "sunrise" entrepreneurs in Brithai nand France's massive state-backed efforts in telematique systems combing computer and communications technology, neither country has world-class successes.

Does it matter? Mr Lothar Spacth, Prime Minister of Baden-Wuerttemberg, whose economy is based on a broad technology manufactured some in the industries, he wor-goods," where it is likely to face ries about their longer-term

share of U.S. patents rose from
14 per cent in 1962 to 21 per
cent in 1981, which was still
ahead of Japan's 14 per cent.
Where it falters is in the management and organisation
needed to turn these resources
into profitable growth businesses. Siemens, West Germany's largest electrical group,
employs 36,000 researchers yet
its high-technology sales have its high-technology sales have grown no faster than its heavy engineering divisions. GEC, one of the few UK companies with the size and skills to make an international impact in office automation and communica-tions, disbanded its information systems group last year.

Europe's financial institutions—and some industrial companies—are awash with cash.
Yet European venture capitalists complain they have to invest many of their funds in the U.S. because they cannot: find enough entrepreneurs to back at home, Meanwhile, transplanted entrepreneurs abound in California's Silicon Valley and along Boston's Route 128. Many industrialists blame on its patchwork of national markets, divided by differing standards, elaborate Customs

industry, which once seemed Olivetti and SGS-Ates, Italy's procedures, and discriminatory procurement practices which increase costs and undermine economies of scale. The litany invariably also includes high wage costs and inflexible labour

much more forceful commitment to catching up in high-technology.

Europe still has ample supplies of the necessary human, technical and financial capital. It also already has plenty of good technology: the EEC's share of U.S. patents rose from 14 per cent in 1962 to 21 per convinced they realy insuperable insuperable impediments? Dr Carlo de Benedetti, chairman of Olivetti, Italy's large office products company, calls them secondary issues. The real problem, he says, is that too many managements and a limited reliance on patronage from national governments.

Under threat of extinction, many of Europe's mature industries such as steel, heavy engineering and textiles have engineering and textiles have convinced they realy want to eliminate the obstacles. . . . To many Europeans just want

additional guarantees that they'll keep what they already Europe's divided markets have not stopped some of its companies from flourishing on a genuinely international scale: West Germany's Bosch in auto-Benz in the world truck market; Britain's Glaxo in pharmaceuti-

panies have also staged promising recoveries by exploiting international opportunities on broad front: Sweden's Asea robotics: the Swiss watch different digital condemned to perish at the changes, each developed at a hands of the Japanese; and cost of \$500m.\$1bn, against

chip-maker, which are expand-ing vigorously in the U.S. and Japan as well as in Europe. self-regulating monopolies which Most, if not all, of these com-

vision, which look well beyond

tries such as steel, heavy engineering and textiles have also been obliged to cut back sprawling and inefficient produc-tion and to formulate fresh strategies based on much more tightly-focussed business objectives and new product lines.

Yet in many sectors which should be wellsprings of future prosperity, Europe is still dissipating its energies. Industrial structures have been frozen in places by nationalistic procure-

the world market in the face of IBM's massive 70 per cent

cost of \$500m-\$1bn, against three in the U.S. In most countries, the pace of commercial innovation is controlled by panies share three charac-pressures and have for years teristics: a global marketing paid more attention to their

suppliers than to their custo mers.
"National champion" policies have bred companies more geared to winning government

geared to winning government favours than to pioneering open markets. Even the internation-ally-diversified Philips group, a vocal advocate of liberalised EEC procurement, admits that protected public sector orders are among its most profitable businesses in Europe. In the fiercely competitive consumer electronics business, it loses money. A consequence has been to

create companies whose inter-national competitiveness de-pends heavily on being shielded from the full rigours of free competition at home. When the gloves have come off, some have found it hard to stay in the ring.
Since their governments abandoned preferential computer procurement policies in 1981, procurement policies in 1981, Britain's ICL and France's Bull have both rapidly lost market share and suffered heavy losses which led to drastic restructuring. "If Europe opened markets such as telecommunications to real competition tomorrow, its industries would find the going rough," says Mr Jean-Claude Pave, secretary general of the Paye, secretary general of the

Paye. secretary general of the OECD.

Leaders of most of Europe's protected industries now recognise that they may be living on borrowed time and are anxiously seeking ways to collaborate. Esprit, the EEC-backed joint electronics research programme is one result; moves by motor and telecommunications manufacturers to cut costs by standardising components are others.

others.
Some huge hurdles have to be overcome if co-operation is to be pushed much further. Recent history is littered with examples of attempted trans-national European mergers and joint industrial projects and joint industrial projects which have foundered on misunderstanding and mistrust. Too often, self-interest takes over when it comes to sharing out the spoils: the bitter squabbles over plans for a European fighter aircraft are the latest instance.

All of which points to two

All of which points to two rejoinders to the question. "Can Europe catch up?" The first is that while its internal divisions and anomalies remain, different parts of Europe are likely to move at different speeds. The second is that Europe's relative position will be determined as much by the performance of other countries, notably the U.S. and Japan, as by its own

sweden's allisation of capacity.

public telephone exchanges customers in more than 70 countries; Heineken of the Netherlands, the world's largest brewer; Bobst of Switzerland, an international leader in packaging machinery, which exports 95, per cent of its present of the exports 95, per cent-of its present 95, per cent-of its presen rate of progress.

As the Reagonomics boom starts to fade, there are growing

Such developments give some recent American lectures on the evils of "Euro-sclerosis share. evils of "Euro-sclerosis" a In telecommunications, 10 somewhat hollow ring. But with public ex- due to the buoyancy of the American economy. Europeans are hardly in a position to take consolation from symptoms suggesting that the U.S. may be suffering from some of the same problems which afflict them at 41

home.

The next erticle—Where are the entrepreneurs?—will appear on the Managament Page on Wadnesday.

### Siege economy in Argentina

PRESIDENT Alfonsin has placed the Argentine economy on a virtual siege footing. Changing the currency, freez-

Over the past 18 months President Alfonsin has tested the patience of the international financial community and stretched the credibility of his administration by doing too little 100 late with the economy. The draconian austerity package announced last week will please Argentina's creditors: even those measures which are complementary to the International Monetary Fund's memorandum of agreement bear the imprint of IMF colla-

Yet by procustinating over the economy, President Alfon-sin has greatly complicated the task of selling the measures to a sceptical and fickle public.

The president's apologists argue that the restoration of democracy after the traumatic years of military rule inhibited any ruthless determination to deal with the economy. While ment and there now appears this was a mitigating factor to be an unusual degree of during much of the first year unity between the unions con-imposed solution. He was too timid in pitting his considerable prestige against the powerful trades unions. He clung too faithfully to his Economy Mini-ster. Sr Grinspun, who satisfied neither the bankers nor the electorate. The latter was sacked only in March, and since then the new economic team, headed by Sr Sourruille, has quickly made its presence felt.

With inflation moving beyond the economy and preserving 1,000 per cent on an annualised basis and international bankers unwilling to be indulgent over backing he can obtain. If the policy delay, President Alfonsin president can carry the country had few options available. He with him, last week's measures could default, formally declar-ing a moratorium on part or all Argentina's recovery.

payments: he could muddle along trying to reach agreement with the opposition and trades Changing the currency, freezing prices and wages, and slashing public spending are measures of last resort. However, they are both necessary and long overdue.

Once the currency, freezunions on an austerity package with the IMF; or he could present the country with a fait accompli, an austerity package sold as the last chance to put the economy in order.

It is significant that President Alfonsin should eschew the default option. This would have been easy to sell to the Argentiue's highly charged sense of nationalism; but the Alfonsin Government has Altonsin Government nas demonstrated very clearly that it regards such action as irresponsible and carrying in-calculable international con-

Thus President Alfonsin took what was in reality the only viable option. However, the measures being introduced involve considerable political risk. The trades unions have announced their outright opposition to the IMF programme.
Argentina is the Latin
American debtor with the strongest trades union moveunity between the unions conpendents. Until now the govern-ment has been able to exploit

deep-seated rivalries, The most serious risk concerns the intangible factor of public confidence. The public has been given little cause to believe in the government's economic abilities

President Alfonsin must now use all his prestige to get the message across that austerity is the sole means of stabilising

#### A catalyst in the air

Frank Lorenzo, the U.S. airline entrepreneur who looks set to take over TWA, is one of the most widely admired and deeply feared bosses in the business. Competitors worry because he is willing to take risks that shock hardened professionals. To the unions he is an even more threatening figure—the man who has done more than anybody to break

the airlines business since 1972, Lorenzo, 44, a Harvard Business School graduate, shot to prominence in 1983 when he

The rebuilding process is over, although wages are still held down. The company made a record \$50m net profit last year and distributed \$8.3m to employees in profit sharing. Employment has been built up again and the company has

TWA's fleet would bring this lar styles of X marks or use otal up to a little under 300 of the same ballpoint, the

#### **Men and Matters**

making the combined group the second largest U.S. airline after

caused such controversy on Wall Street recently.

regulated prices and routes. He once said: "The enemy of the unions is not Frank Lorenzo, but the new competitive environment."

Scarcely has one alleged ballot-rigging scandal been laid to rest than another trade union is con-

fessing untoward goings-on in its polls. Blaming "mischievous persons unknown," Clive Jen-

kins has disclosed evidence of

multiple voting in a straw poli run by the union of which he is general secretary, the white-collar ASTMS, on attitudes towards its political fund.

Fortunately the malpractice

was not extensive. Only about 30 poll cards out of 26,000 returned by members had been

identified as the work of one or two individuals, Jenkins told

at Harrogate. But how had the fraud been

spotted? By a six-strong team

union's annual conference

Crafty Clive

Although TWA has given Lorenzo a virtually watertight deal by agreeing to an option on its shares, the fact that the bid was made in the first place says a lot for Lorenzo's competitive methods. Contithe high wage pattern which dominated the industry in the nental his largest asset, is still in Chapter 11 bankruptey proceedings, embroiled in arguments about how its creditors will be paid. The \$790m offer for TWA is also being foreward by an issue of Although he has been around

took his newly-acquired Continental Airlines group into the bankruptcy courts. Some saw this as the end of the company, but Lorenzo stretched the law to the full to abrogate But Lorenzo, son of a Spanish emigre, is unlikely to worry about criticism. He sees himself as a catalyst of change in the airline industry, who broke up the "clubby" atmosphere of regulated writes and wortes. He the company's existing labour contracts. He then offered some workers their jobs back— at half their former salaries.

In the battle that followed "Plastic Frank," as he is widely known to the workforce, lived up to his reputation as an aloof, hard-nosed man of action. At first, it looked as if Continental would crumble under the pressures of an alienated workforce, suspicious travel agents and hostile rivals, but Lorenzo pressed ahead, slashed fares, cut out routes and proceeded to rebuild Continental as a low-cost

gone into an expansionary phase, adding new routes (such

as the Houston-London run). Along with Texas Air, Lorenzo's original springboard, and New York Air, a commuter line launched to compete with Eastern, he controls well over of researchers closely studying 100 aircraft. The addition of each card for suspiciously simi-

general secretary told sceptical delegates. To even greater sur-prise, he claimed he had even pinpointed—or ballpointed—the culprits to two locations-Epsom and Norwich.

It will doubtless come as a relief to the six sore-eyed researchers to hear that the same effort will not be required when ASTMS conducts its full political fund ballot. On that occasion members will have to sign their voting slips and fraud detection will be limited to a simple handwriting check. being financed by an issue of "junk" bonds, the high yield-ing securities which have

#### Trade names

Forty years on, Hungary is beginning to realise that the obscure names given to previously famous companies in the sweeping post-war nationalisation can be a Hability in trading with the West. As in other Comecon countries, most private companies

stripped of were founders' names, often re-named according to their function, and frequently re-ferred to merely by their

The result was that thousands of East European company names became virtually indistinguishable.

Now, one of Hungary's biggest engineering companies, known by its initials MAD, has dropped its postwar name, and readopted its prewar, registered trade name, GanzDanubius.
Abraham Ganz was a Swiss immigrant whose small iron foundry established in

foundry established in Budapest in 1844, blossomed Budapest in 1844, blossomed into an industrial empire.

It will be interesting to see if others follow MAD's move.

From the staff magazine of a Woolwich company: "On the Monday my husband was fishing off Southend pier and booked a Those state firms which managed to hold out to their old identity — such as Skoda in Czechoslovakia and Zeiss in East Germany — have profited ever. . . Stop waffling, woman, from international recognition. and tell us what bait he was

But in some cases, East European governments had to change prestigious company

Germany's fledgling post-war airline was named Lufthansa in the 1950s but had to be renamed Interflug. The Czechoslovak

industry had to drop the Bata name from its nationalised factories after the Bata family moved to the West with the trade name.

#### Legal tastes

Irish lawyers are licking their lips, if not yet their fingers, over the prospect of some fine pickings from a legal battle between the Kentucky Fried Chicken Chicken Corporation (of Colonel Sanders fame) and one of Ireland's more colourful businessmen, Pat Grace, who used to operate the Kentucky restaurants in the republic.

Grace claims to have worked with Col. Sanders himself, in his Shelbyville, Kentucky, restaurant in 1969. But despite such personal contacts, KFC took out an injunction in 1983 to prevent Grace using the Colonel's name or trading under his white-bearded visage. Now he Kentucky corpora-tion proposes to invest \$7m opening four fried chicken outlets in the Dublin area, though it is still in dispute with Grace about the nature of his fran-chise an doutstanding royalties.

The Irishman has been quick to reap the publicity benefits. He claims that his "Famous Fried Chicken" is the only one still using the Colonel's original recipe, secret ingredients and all.

Will barristers, more accustomed to pheasant and grouse, be able to tell the difference?

#### Get to the point

wallet containing £110 in notes. Everybody was amazed and the attendant to whom we talked said he could not remember using.

Observer

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° 17 1985

A major debate rages in the West over President Reagan's Strategic Defence Initiative and how to reconcile it with arms control. A parallel debate is surely in progress in Moscow....

Posture Analysis Subject: Geneva Arms Talks Attention: General Secretary, Communist Party USSR

THE AMERICAN Strategic Defence Initiative poses great threats to Soviet interests. President Reagan will not volunteer any concessions, but he could be induced to modify his posi-tion. This paper presents the case for an important Soviet initiative in Geneva.

According to authorised scientific advisers, SDI can never lead to perfect defence against missiles; even partial defence is many ways. many years away. But the momentum of the programme will be very destabilising, because of the unpredictability of the outcome. the outcome

the outcome.

The first danger is that the SDI programme will lead to the destruction of all existing arms control agreements. The U.S. cannot begin testing components of an anti-missile system without breaking the 1972 Anti-Ballistic Missile Treaty; many years of systematic violations would be required before the U.S. could test an integrated system.

In the end, the U.S. might In the end, the U.S. might abandon the programme as being hopeless; or it might settle for some lesser goal than complete defence. But in the meantime, the testing process risks unleashing an uncontrolled arms race by both sides.

Having achieved parity, as codified in the 1972 Salt Treaty, it is not in Soviet interests to

it is not in Soviet interests to permit the balance to be destabilised in ways which are unforeseeable, and which might give advantage to the U.S. Even if SDI gives no good results for American defence, it was fiveness.

can threaten Soviet interests. The mobilisation of so great The mobilisation of 30 great resources on research and development on technologies which are, in many cases, directly relevant to civilian applications, could further widen the so-called technology gap. Some west European governments fear it will give the U.S. a technological hegemony in the next century; how much greater is the danger for the Soviet Union.

Thirdly, there is the danger

the Soviet Union.
Thirdly, there is the danger

Foreign Affairs: Star Wars

# Meanwhile back in the Kremlin...

By Ian Davidson

advanced weapons, the Soviet Union's opportunities for Genéva. If the U.S. proposes cutting between west ting ballistic warheads to 5,000 the Soviet Union should produced. It is in Soviet interests that west European countries in greductions in Soviet heavy should remain dependent on, but mistrustful of, the American nuclear guarantee. This keeps alive the anti-nuclear peace movements in these countries.

Apart from strategic instability, an uncontrolled arms race will put stress on the Soviet

do the American proposals in Genéva. If the U.S. proposes cutting ballistic warheads to 5,000 the Soviet Union in Soviet heavy missles. Even these lower totals would be more than sufficient in destructive charges to maintain stability.

As a further concession, the Soviet Union would also reluctantly agree in negoliation to permit some limited testing of SDI components.

Apart from strategic insta-bility, an uncontrolled arms race will put stress on the Soviet economy. Moreover, an unstable international situation would divert the attention of Soviet leaders from the General Secretary's new priority of economic reform. Reform of the Soviet economy calls for stability abroad. Some elements that was interruptional instamay use international insta-bility as an argument against changes in the politico-economic

permit some mun SDI components. In return, however, the Soviet Union would insist on its own

conditions. First, the warhead reductions would be phased over a long period (say 15 years), with verifiable way-stations every five years; and would remain in force for a further 10 years Second the further 10 years. Second, the small relaxations on the testing of defensive components would also be phased over the same 25-year period. Third, these parallel agreements would be contained in a single treaty; any violation of SDI restraints would automatically invalidate the commitment to restraint on offensive weapons.

A long-lasting treaty would

provide much more predicta-bility and therefore stability the Soviet Union.

Thirdly, there is the danger to that the results of SDI research could be applied, not to defensive nuclear missiles, an offensive systems, but to new offensive nuclear missiles, an offensive systems, but to new offensive nuclear missiles, an offensive systems. This could be pressure in the U.S. and from nesst relevant to the European theatre. If the Western bloc can compensate for conventional inferiority with new types of the could not refuse, he might be forced, by political tracty would establish the pressure in the U.S. and from Europe, to consider some consideration of SDI research.

Such a Soviet offer must out the long phase-down would also avoid disraptive restructuring of Soviet strategic forces. A single treaty would establish the unbreakable link between offen could not refuse, he offensive systems are considerated by political tractices. In political terms, President Reagan could claim a double success: deep nuclear reductions

reality, the practical implemen-tation of SDI would be post-poned for 25 years, and perhaps for ever.

But if, by chance, the Penta-gon should persuade President Reagan to refuse our offer, the Soviet Union will have lost nothing. It can then demonstrate that the U.S. administration is not interested in arms control, and can count on considerable political agitation in the U.S. and especially in Europe. This agitation would seriously damage the Nato pact.

> Comrade Mikhail Sergeevich

You have asked me to comment on the Posture Analysis on the Geneva Arms Talks. I am afraid that I am not persuaded by the arguments it contains.

It is true that the Strategic Defence Initiative cannot ever produce the idealistic results hoped for by President Reagan; our own scientists have done enough research on these questions to know that. It is also true that the U.S. cannot hope to get even part of the way towards a complete defence for many, many years. Therefore we should not be unduly con-

and the continuation of SDL In for alarm. The real difficulty with any defensive ystem is not components, but system integra-tion; making all components work together, perfectly, first

In time, SDI will collapse under the weight of its dialecti-cal contradictions: it cannot work, it cannot be afforded (even by the U.S.), and it would be cheaply frustrated by Soviet counter-measures. In the meantime. Soviet strategic forces provide ample security, and can be further modernised on an incremental basis.

The so-called technology gap

is indeed a serious problem, but the conclusions I draw are quite different from those of the Pos-ture Analysis. U.S. anxieties are mainly focused on the technology gap with Japan: our sources in Washington report that the new Japanese ambasador has been incautious enough to remark that the U.S. is a backward country. Yet Japan spends very little on defence, and it is far from clear that SDI will close that gap.

On the contrary, professors in the most advanced American academic institutes are com-plaining that U.S. military build-up is already drawing promising young scientists away from the universities. If the technology gap is a problem for us, it needs to be

we should not be unduly concerned.

Even if the U.S. breaks the
ABM treaty by illegal testing
of components, that will be
cause for loud protests, but not

strengthening of Nato's conven-tional forces, but not much. Many of the technologies may he directly applicable, such as sensors, target acquisition, com-puting, telecommunications; but the more the U.S. concentrates its economic and technological resources on SDI, the less it will have for reinforcing Nato. Budget cutting is already con-straining U.S. defence spending. There is no pressing danger of an arms race; but if there were to be such a race, we have already shown that our system is more cost-effective and more politically stable than theirs. The negotiating strategy pro-

posed in the Posture Analysis looks plausible; but it has a number of flaws, each of which is fatal. First, President Reagan's life-

long hostility towards the Soviet Union is a known fact; we cannot assume that he seriously wants to do business with us, and we should not be in an un-dignified hurry to do business with him. Some analysts in the U.S. believe his administration would reject any Soviet offer, on principle, if it involved any restraint on SDI. Pentagon propagandists and lawyers would find objections to anything, and we should not underestimate President Reagan's ability to persuade American voters, at least, of his good faith. Second, there is no need to Second, there is no need to fear that an international crisis

will complicate our domestic economic reform. We should manage a reasonable propa-ganda campaign of profest against SDI, but if we do not want an international crisis, we do not need to stage one.

By contrast, we need to be more careful about the balance

of domestic concerns. The economic reforms which you are initiating will be disturbing for many people; you cannot shake the tree without some birds falling out of the nest. It would be most unwise to combine these reforms with an arms control proposal which would threaten the interests of the most efficient sector of our society, the armed forces.

Third, our sources report that some British officials are already convinced that arms control may be dead in the water. They may be right; and they know where the responsibility lies. If this feeling spreads in Everything the street of the in Europe, we could have the bonus of an anti-nuclear governthe next few years. Fourth, let us on no account

ease restraints on U.S. testing of SDI components.
Finally, the Soviet Union has never yet taken an arms control initiative which was designed to lead to an agreement. In this case, the less the ment. In this case, too, let the U.S. come forward with a proposal; if it suits us, we will consider it. In the meantime,

let the West sweat it out.

Lombard

### A retreat from rent reform

By Anatole Kaletsky

FIRST, I must declare an What about other objections interest. Over the past 10 to reform of the Rent Acts? years I have been a tenant, a Economic sophisticates seem to

of the bargain.

I have lived for rent-controlled peanuts in one of the choicest blocks in London at the expense of the policyholders of a well-known mutual insurance company. During a two-year absence abroad, I let my house on excellent terms to an American; though only after an American; though only after a sordid flirtation with racism, since it was necessary to reject automatically all potential tenants with British passports, tenants with British passports, native English accents or other tell-tale signs of permanent links with Britain. A few years earlier, I even winkled out some sitting tenants from a house I had bought at a knock-down price from a confused and senile old lady; the strategem was simply to offer the tenants more money than they had ever seen in their lives.

seen in their lives.
In other words, like the notorious Mr Peter Rachman, I have done well out of Britain's Rent Acts.

Mr Rachman, it will be recalled, made his name by terrorising tenants who continued to enjoy rent control after the 1957 Rent Act briefly described to the second described to deregulated new tenancies. But to claim on these grounds that deregulation leads to Rachmanism is like arguing that trade unionism leads to communism and violent revolution. An argument which may have some validity, but only in places like South Africa or Guatemala, where the rate of liberalisation is so slow that it merely arouses passions without beginning to satisfy them. In fact, Rachmanism is a com-

plete red herring in the debate over rent control. Harassment of tenants can be, and is, controlled by civil and criminal laws; it will wax and wane in line with the enforcement of these laws, not with the degree of rent regulation. After all, even with today's full panoply of rent regulations, there is as much financial incentive as there was in Peter Rachman's time to evict tenants in order to sell properties with vacant

landlord, an owner-occupier find one line of reasoning and a property speculator of irresistible. There is no solid sorts. I have benefited from evidence that the supply of the Rent Acts on both the rented housing would increase tenant's and the landlord's side even if controls were totally abolished, and anyway, the tax subsidy for owner occupiers is the biggest distortion in the housing market. There is nothing wrong with

these premises, but the process of deduction is spurious. Nobody can claim to know for sure whether rent decontrol would arrest the decline of privately rented housing; and it is per-fectly true that rent controls are not the only distortion in the bousing market. But neither of these observations has any relevance to the case for rent reform.

The point of decontrolling rents is not to recreate the conditions of 1914, when S8 per cent of Britain's dwellings were privately rented or to create a "level playing field" between all forms of home ownership Society may wish to accelerate the process of redistribution of wealth and political stabilisation which goes with home ownership. If this is the case, then the vast majority of people will always prefer to buy their permanent homes rather than recting them renting them.

Nevertheless, at any one time, there will be millions of people who wish to move around, who do not have the money to buy a home or who may prefer to realise the capital in their house and deploy it in ways other than home ownership—for example home ownership—for example to set up a small business or see them through a period of unemployment. All these people will thereby lose the fiscal advantages of owner-occupation. They will also have to pay higher rents as a result of the tax breaks for home owners, since potential owner occurriers will potential owner occupiers will bid up property prices.

But is this an argument for denying those who do not wish to own a property the possi-bility of a home at all; forcing landlords, instead of social security offices, to subsidise the poor; or continuing with what is probably the biggest exercise in market-rigging and expropria-tion of private property ever witnessed outside the Com-munist world?

#### Monetary policy

From Mr G. Gardiner. it is nathetic or killarious that the debate on monetary policy of the virtue of "over-funding having convincingly established that the encouragement of "funding" has any influence on the economy by way of controlling the money supply. As the development of monetary theory is at a similar level to that reached by medical theory in the 18th century one should not expect otherwise: one must remember that in the 18th

century it was safer to stay away from doctors.

It may help wreck the argument for "over-funding" if one points out the fallacy in the argument for encouraging fund-

"If companies eliminate their bank borrowing by an issue of shares the assets and liabilities shares the assets and liabilities of the banks are in aggregate reduced, and the money supply is recorded as reduced. But the resources of the economy are not reduced at all. All that has happened is that the extent of the intermediation by banks in capital markets has been reduced and instead of the in capital markets has been reduced, and instead of the destination of capital resources being decided by experienced bankers, the decision is taken by investors, some of them very ignorant. There is no logic'll reason why funding should in any way directly affect the growth of the economy or of inflation.

But there is a by-product of funding which is very impor-tant. If the banks find their assets and Habilities reduced by acts of funding by their custo-mers, they also find that their free capital ratios are improved because the banks' own capital resources remain unaltered. It is therefore possible for the banks to create money to exactly the same extent as the amount of the funding that has taken place, thereby raising the assets and liabilities of the hanks to the previous level banks to the previous level.
Moreover the funding has raised
the capital base of the fundraisers thus making it possible

for them to borrow more. Funding, therefore, precipitates 2 real increase in the capital resources of the economy, exactly as anyone but a monetarist has always expected. In a situation of high unemployment the result of funding could be economic growth: in a situation of overemployment or of unbridled

wage demands it could merely cause inflation. A policy of encouraging funding has exactly the opposite effect from that imagined by those who suppose themselves to be exponents of monetary theory. I am inclined to think that Government over-funding has no particular effect at zell:

| main achieve the world's first "all-to achieve the world's first "all-ment, allegedly made by "Visa Edwin A. Whiting, executives" that "Mastercard Shudehill House, having sufficient light output to or Access is more useful in Hayfield, ria Stockport.

#### Letters to the Editor

just like the infamous "special switch a succeeding circuit deposits" the money goes element. The Optical Circuit deposits" the money goes straight back into the banking G. W. Gardiner,

3. Molly Potts Close, Knutsjord, Cheshire.

Success in high tech

From Professor S. Smith. Sir,—The article on June 1 and ensuing reports on the subjects of "Star Wars," "Optical computing," and "Technology drain" have disturbed many people in the Western Alliance. To begin with my optical computer team" has not "decided to join Star Wars" because of lack of funding in Europe. We are well funded at this stage of the project from the EC and the Scientific and Engineering Research Council in the UK. We have been invited to submit a pro-posal to the Strategic Defense Initiative Innovative Tech-nology Office (SDIO) for a basic research programme concerned with optical computing and that is all. No offers, condi-tions or decisions have been

made or accepted.

If an offer is eventually made, it would be as additional fund-ing (a relatively small per-centage) to strengthen the European programmes. This would not amount to "technology drain." If this example of U.S. Defense Agency funding for basic work follows previous patterns, little, if any, restric-tions would be made on the free publications of the results of

On the Technology Page (June 6), a mainly technical article appears. A selection of results, apparently mostly derived from the Arizona Group, is reported. Care must be taken in interpreting the significance of these "facts." In contemplating an optical computer, it is not possible to combine the best of everything, and there are important trade-offs between

speed and power. As to the main groups there are three. The first to be estab-lished was the European Joint Optical Bistability Project (EJOB) (of which we are a major part) in January 1984. Funded to Ecu 1.8m by the EC the objective is to demonstrate a primitive optical com-puter by the end of 1986. Our main achievements to date is

and the second s

Co-operative (OCC), based on Arizona, has only recently started and has not yet pro-duced an optical circuit. The

SDI Signal Processing Consortium (OSPC) is due to start work at the end of this month. I fail to see why the situation described above merits sen-It might be worth commenting in a general way that the liberal attitude of U.S. Defense

Agency funding may be related to the success that country has in launching new high technology industry. There are probably lessons for the U.K. and Europe; involvement in one such programme is likely to be to the benefit of all parties. (Prof.) S. Desmond Smith, FRS. Department of Physics, Heriot-Watt University, Riccarton, Edinburgh.

The discipline of funding From the Chairman.

Martin Paterson Associates Sir.—Mr David Basnett's statement (June 13) that in the last resort the distinction between funded and pay-as-you-go pension schemes is delusory may be true in the broadest terms, looking across several generations. But it would not, I think, convince his own members in occupational funded schemes.

The discipline of funding ensures that we make explicit provision for replacing our own income in retirement by saving some of it now, rather than the income of a previous generation discipline is used in making provision for the replacement of plant and equipment in business. We do not expect the next generation of shareholders to be charged with that cost. In pension planning, let us be guided by the same practical good sense. Martin Paterson.

10 Buckingham Place, SW1.

Holiday топеу... From Mr P. Bowden

Sir,—I read your article on Money for vacationers " (June with interest. I feel however, it is necessary to refute two statements in the article. The first concerns the comItaly." This statement was not made by any member of the Visa International staff, a fact confirmed by the author of the article. The statement is clearly

there are 77,000 outlets accepting Visa cards in Italy, in com-parison with the 40,000 quoted by Mastercard, Furthermore cash advances can be obtained using a Visa card at 5,500 bank

branches in Italy. branches in Italy.

Similarly, in the case of acceptance in Spain, no member of the Visa staff made the comment that "rival (cards) may be more widely useful."

This is supported by the fact that there are 225,000 outlets accepting Visa cards, in comparison with 180,000 accepting Maximum Cash, cash, each each be obtain. Mastercard. Cash can be obtained from 23,500 bank branches in Spain, as well as a network of 1,000 ATMs situated throughont Spain, which are now open to international cardholders. Patrick Bowden, Visa International

Part-time

employment From Mr E. Whiting

Sir,—The arguments of Prof P. E. Hart (June 12) against part-time employment must not go unchallenged.
It is clearly better for the

economy and the Government social security bill to have two social security bill to have two people working part-time than one full-time and one unemployed, provided that it is not more costly to the employer. If the employer has to train two people instead of one, the cost of part-time is likely to be higher, unless the job is very unskilled and low-paid. If the part-timers already have experpart-timers already have exper-ience in some related work, the cost to the employer will be lower, and hence the attraction of married women returning to

It is not true that other coun-

tries have lower proportion

part-time employment. U.S. and Sweden have high proportions of part-timers, and they have much lower unemployment. In the UK, however, the numunderstated because workers below the NIC threshold of 235.50 a week are not recorded (we are the only corrity with a lower earnings limit of this kind). Our Government statistics are most inadequate; more information should be obtained by sample surveys of people working not working and halfor quarter-working, on the lines used in the U.S. Part-time work, generally and obviously, reduces real (although not always registered) unemployment, but there are a certain unknown number of cases where it is simply overtime but

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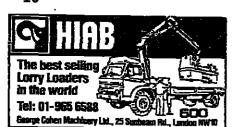
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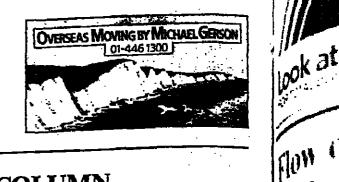
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### **FINANCIAL TIMES**

Monday June 17 1985



Terry Byland on Wall Street

### Facing up to the

Over the space of two days, investors had to eyeball the two factors most likely to change the invest peak and will soon decline, while ment outlook. Will another cut in the Federal Reserve discount rate is set to increase by 10.5 per cent, to mean manna for all, or will the 855m tonnes a year by the end of sluggish economy mean a downturn | the decade.

in corporate profits? The significance of IBM's warning on the business outlook, delivered to securities analysts at mid- energy is used and a major expanweek, is that it shifted earnings doubts out from the second quarter to the third quarter of the year. And whatever the particular problems of the computer sector (Wall Street was not avactly eartherlied by the contract of 1973-1974 and 1979-1980," the report save was not exactly enthralled by the planned merger of Burroughs and The IEA adds that there could planned merger of Burroughs and Sperry) IBM cannot help being a lagain be upward pressure on oil beliwether for the whole equity prices and a risk of massive price increases in the event of even a

In fact, IBM stock staged quite an impressive recovery at the end of the week - although it is still showing a fall of 5.5 per cent over the full five days. Friday's gain in IBM oil prices contained the risk that oil alone was an important factor behind the somewhat bogus rally that lifted the Dow Jones industrial average just over 1,300 again.

The significance of Big Blue's warning remained imprinted across the wider market. Neither the Standard & Poor's 500 nor the NYSE ery from the heavy falls earlier in

In the wake of the shakeout exuberant Wall Street spirits, the brokerage analysts are hard at work again re-working their profit forecasts for the second quarter and bevond.

Before IBM's bombshell, fore casts for fiscal 1985 corporate earnings ranged as high as a 15 per cent gain on last year - itself a generous adjustment since the turn of the year, when flat profits were widely

Mr Donald Trott, analyst with Mabon Nugent, makes two points. First, these forecasts leaned heavily celerated growth in the second half of the year. Second any strongly held consensus belief, whether eventually proved right or wrong has always made for a rising stock

That consensus belief is now about to be tested, and that alone might bring the market down. Mr Trott has long argued that secondquarter corporate results will prove "a minefield of such magnitude as to light up the sky." He believes that such significant sectors as motors, chemicals, paper and steels -as well as technology, which looks a disaster area – might serve up significant disappointments.

For good measure, Mr Trott thinks successive cuts in the Federal Reserve discount rate may be reaching the point of vanishing or negative returns. Rate cuts appar ently motivated by recessionary Wall Street than satisfaction.

At E. F. Hutton, Mr Philip Roth takes up the same point, commenting that the massive plunge in bond yields, in April and May was by no means fully reflected in the rise in stocks. In a disinflationary environment, bonds have significant appeal, while many companies have the problem of maintaining earnings. Thus, he sees financial and other interest-related stocks as likely to continue rising while basic industrial, energy and natural re-source issues will remain unsup-

The run up in the stock market which came so suddenly last week relected a buil performance by only a minority of stocks, says Mr Roth. The majority of issues continued to move between their 1984 lows and their 1983 highs that was one reason why the Dow 1,300 mark proved so vulnerable to bad news at mid-

E. F. Hutton does not expect an overall recession this year, according to Mr Robert Barbera, its chief economist. Mindful of the split performance by the U.S. economy and stock markets. Hutton has constructed a set of economic indicators reflecting solely activity in the manufacturing sector.

Those indicators suggest that manufacturing industry may in-deed be recession-bound this year, although a fail in short-term rates and the dollar might pull the sector up again in 1986.

Wall Street has clearly got its thinking cap on again, and that alone implies that stock prices will be cautious about trying their luck above the Dow 1,300 level again.

The significant question may be whether the market succeeds in disconniting processored coursely prof.

counting poor second-quarter profits before they arrive. A weakening in stocks over the next month might save a lot of trouble later on

### IEA warns West on oil price complacency

BY DOMINIC LAWSON IN LONDON

THE DILEMMA that has been tormenting Wall Street for the past three months suddenly achieved monstrous proportions last weakness of its 21 mambas of the energy policies of its 21 mambas of the energy polici

The agency argues that its mem-bers' oil production has reached its

"Unless the IEA countries achieve further major improvements in the efficiency with which

increases in the event of even a

slight disruption in supplies." Frau Helga Steeg, the executive director of the IEA, introducing the report, says that the current weak conservation would be discouraged and that investment in alternative energy sources, particularly nunancial problems for both produ- Mr David Jones, the IEA's direc-

ous consumption of fossil fuels and the lack of incentives given to al-

demand coupled with a slowing ance between competing energy down in improved fuel efficiency sources, the report says. "Other makes this an area of considerable countries consider forecasts a valuconcern" The report notes that the able guide for planning in both the level of petrol and diesel prices is public and private sectors. Such the U.S. is still well below that in forecasts are also one essential ha-other IEA countries and that the sis for international co-operation." Reagan Administration has recent-ly said it will not increase fuel taxa-er IEA countries regularly pub-

such taxes, pointing out that, a tax since 1977.

clear power and coal, would be re-duced. "That would make invest-ment in the increasingly expensive levels of 1981 in real terms, and search for new oil and gas reserves would have the virtue of collecting less attractive and could lead to fi-

cing countries and companies in hoth OECD and non-OECD countries," argued Frau Steeg. She added that, "short-term market signals may be misleading in that they mask long-term trends. The fact that things are getting better could make matters worse in future."

The ILS is trenchantly criticised the David Jones, the ILS's tirescaped that of long-term policy, also circled the U.S., arguing that also not being realised and the construction of throughly economic electricity capacity is not going that things are getting better could make matters worse in future."

He pointed out that the low electricity is in the ILS recent thread that the low electricity is not going that th

The U.S. is trenchantly criticised tricity tariffs in the U.S. meant that in the IEA report for its conspicu- utilities could not raise the finance needed for new investment. The UK does not escape unternative energy sources such as scathed in the report, most notably

electricity.

The IEA secretariat also believes that the U.S. report understates the country's growing demand for oil.

The sheer size of U.S. vehicle fuel fusing to issue forecasts of the balance between competing energy when the British Government is cri-

tion. Isshed closely reasoned accounts of But the report argues that the U.S. should consider an increase in ment has been published in the UK

### UK electricity output likely to cost more than European rivals

BY IAN HARGREAVES IN LONDON

BRITAIN'S power stations will cost the lower figure the CEGB believes significantly more to build than will be possible for repeat orders. significantly more to build than equivalent units in five other European countries and the country's cost of generating electricity is, as a result, expected to be much higher than that of its competitors.

These conclusions emerge from a document submitted last week to the International Union of Producers and Distributors of Electrical energy (Unipede) at its congress in

Officials of the Central Electricity Generating Board, the state-owned on a "strong consensus belief," that | utility responsible for all Britain's the economy would move into reac | electrical power, were among the

> The study was carried out to test clear power stations and, in the UK's case, takes both the expected cost of building the Sizewell B nuclear station on the east coast and

**Argentines** 

fight 'crisis'

Continued from Page 1

stamped with the new denomina

day's announcement. The table is

pased on a previous monthly infla-

fectively indexing these transac-

The Government's anticipation of

this weekend in the lowering of

nominal interest rates charged on deposits and loans in the regulated

financial market to 4 per cent and 6

per cent, respectively per month. Until last week, banks had been charging nominal interest of about

to freeze prices retroactively to last Thursday so as to neutralise the

widespread mark ups in shops and

supermarkets which preceded

Throughout the weekend the media issued lists of maximum prices per-

mitted for the "shopping basket" of

essential family goods, and urged

thorities any traders breaking the

Presidential announcement.

ounce to the au-

World Weather

30 per cent monthly.

consumers to de

asked to

The UK emerges with the highest nuclear plant building costs of the six countries studied, which also inchided West Germany, Italy, the Netherlands, Belgium and France.

Sizewell B is shown as costing Ecu 2,488 (\$1,798) per kilowatt and the follow-on order of a second pressurised water reactor (PWR) is put at Ecu 1,777. This makes even the follow-on plant more than 70 per cent more expensive than the French plant, which has a cost of Ecu 1,008 per kilowatt.

Nor is the UK problem confine to the nuclear sector. The estimated capital cost for Britain's next genthe rival economics of coal and nu- eration of coal-fired power stations at Ecu 1,366 per kilowatt, is again almost double the figure for building a similar plant in France or Ita-

The report lists a number of pos-The report lists a number of pos-sible explanations for the diver-gence in construction costs. These include technical points, such as slightly different scale of proposed plants, and exchange rates for the Ecu which probably introduce some distortion into the compari-

But the report says factors within the control of the power utilities and their construction companies also play a part. Labour costs, welfare charges, lack of standardisation and frequency of design modifi-cations are blamed for some of the

The report rules out the countries with high costs can blame their national safety standards. "It would not appear that major cost differences should be sought on the safety side, as safety requirements have already reached high levels in

### **EEC** draft budget seeks spending rise

Continued from Page 1

Budget Commissioner and former Danish Finance Minister, said the budget had been drawn up "to be very disciplined in our manage-ment of resources."

contracts or loans signed before Fri-It is based for the first time on the new ceiling on member states' VAT contributions of 1.4 per cent, tion forecast of 30 per cent, thus efcompared with the present 1 per cent – although the 10 national parliaments, including Westminster, have yet to ratify the new rate. a drastic fall in the monthly infla-tion rate to single figures during the next two months was confirmed

Mr Christophersen said the actual payment rate for eight member states would be 1.35 per cent. Brit-ain, thanks to the Ecu 1.4bn reduction in its payments, would only be contributing 0.82 per cent, and West Germany, with a partial rebate, 1.18

Spain and Portugal will also get back the bulk of their first year's contributions, amounting to 87 per cent or almost Ecu 1.8bn, because they will only be benefitting from a fraction of EEC policies.

Mr Christophersen said the Com-mission had assumed a neutral in-\$1=Ecn 12, compared with the

Mr Henning Christophersen, the growth in member states' budget He insisted that the ECU 420m

reserve for depreciation of farm stocks was not a move intended to ports. "It might make it possible for us to get rid of some of our old stocks," he said. "But it has nothing to do with specific efforts on the export markets. It is simply that we must now realise our losses. A revolt by up to 40 Tory MPs in the House of Commons is being

forecast against a Government Bill which will increase Britain's pay-ments to the EEC, writes John The European Communities (Finance) Bill raises from 1 per cent to

1.4 per cent the ceiling on VAT which the UK contributes to comof £252m (\$315m) by Britain to help

ing this year. Some of the officers of the 60strong European Reform Group of crease in farm prices in 1986 as in Tory backbenchers who are critical 1985, and an exchange rate of of the market and its institutions held talks over the weekend.

present average of around Ecu 1.35.

They were annoyed that the Bill was slipped out by the Government within the financial guideline ap-without prior warning on Friday proved by finance ministers, that it should not increase faster than the House of Commons.

#### HK takes tough line on banks

Continued from Page 1 Some banks have assigned no

capital to those commitments until they actually materialise. But su-pervisors believe they should be backed by capital straight away, although they disagree as to how

Although NIFs are now being put together in Hong Kong, the new proposals are more likely to affect the huge letter of credit business that has evolved round the colony's active international trade.

Bankers say they are disappointed by the tough line being taken by the authorities but expect to be able

### IBM study on VDUs calls for extra shielding

Labour Staff, in London

A REPORT on visual display unit health hazards, commissioned by IBM, recommends an extra layer of shielding on VDUs to prevent expo-sure to radiation from high levels of electrical current. The report is one of the most comprehensive to date. The report points out that extra metal shielding is generally present in newer models in the U.S. to satisfy the Federal Communications Commission but there is no such reouirement in Britain.

The report discounts the likelihood of any risk from VDUs; however it is more sceptical than, for example, the clean bill of health recently presented by the Swedish National Board of Occupational Safety and Health.

Aside from the "immediate VDU-related problems of headaches, sore eyes and stress - which researchers attribute predominantly to poor work design - there are long-standing anxieties about can-cer and birth defects from ionising and non-ionising radiation. The report states: "Ionising and

risual radiation from the VDUs have been convincingly discounted as factors in the health problems. But the non-ionising electromagnet-ic fields remain a physical factor that has not been sufficiently eliminated as a causal factor to quell the concern of labour groups." Ironically, the low magnetic field

emissions would not be blocked by the low-cost shields recommended. But the report does say that further research should be undertaken to try to show that magnetic shielding is clearly not warranted.

Drawing on the latest research with chicken embryos the present conclusion is: Though it is highly unlikely that there is any relationship between birth defect clusters and UVY emissions the clinical and VDT emissions, the clinical work on magnetic bone growth stimulators and the magnetic field work of Ubeda et al (1983) replicat-ed by Mild (1984), does indicate that

there could be a relationship."

IBM, the largest manufacturer of VDUs in the world, is not pub-Professor Arthur Guy of the Bio electromagnetics Research Labora-tory, University of Washington, Seattle, who spent almost a year preparing it – has been given permission to use the work.

#### Car makers join EEC row over emissions Continued from Page 1

agreement adopted by ministers equivalent to those in the U.S., after

ing formulated by both French and Italian governments. In a telex sent to M Delors on June 10, all Europe's major manu-facturers have called for a signifi-cant relaxation of the standards proposed by the Commission at the

beginning of June.
The telex was sent by the CCMC. the Brussels-based manufacturers organisation. It represents, among others, Alfa Romeo, BL, BMW, Fiat, Mercedes, Peugeot, Renault, Volkswagen and Volvo and was signed by

Dr Carl Hahn, president both of Volkswagen and the CCMC. The CCMC submission called for a maximum 5.5 grammes per test of nitrogen oxides, the most damaging pollutant, to be allowed on mediumsized cars (between 1.4 and 2 litres) and 5 grammes on cars above 2 li-

If anything, the industry's pro-posed standards are slightly more relaxed than the various, but closety-aligned, proposals put forward by the UK, French and Italian govern-The Commission had proposed

3.5 grammes for over-2 litre cars

and 4 grammes for those of 1.4-2 li-tres. The UK has already protested to M Delors over the Com proposals. It has declared them an "unhelpful intervention," and sees them as arising from intensive behind-the-scenes lobbying at the technical level by West Germany. Bonn, under severe pressure from its own powerful environmentalist lobby, really wants yet stricter standards - a maximum of 2.5 grammes for both car types.

The ministers are under no obligation to adopt the Commission's quences of the likely impasse on June 25 could be severe. West Ger many may proceed unilaterally to offer financial incentives to buyers of catalyst-equipped cars from July 1. These, the UK fears, could be of a sufficient size to provoke retaliation by other EEC states and start the munity's internal car market on the path to disintegration.

THE LEX COLUMN

# Speculations on the margin

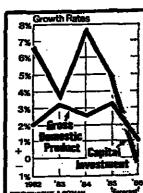
Whatever the Treasury had in mind when redesigning the system of company tax, early in 1984, nobody seems to have realised quite what a violent surge of capital in-vestment the Budget was about to uncork. To be sure, it was taken for granted that any finance director who could use a calculator would react to a phased withdrawal of capital allowances by dragging capital expenditure into the earliest possi-ble year, official estimates of 1984 capital spending had that right. But a second round of spending in 1965 was expected in Whitehall to be of a was expected in Whitehall to be of a very modest order indeed – maybe adding a quarter of 1 per cent to the underlying flow of capital spending. Things seem to be turning out differently. A leasing boom and a parallel growth in the volume of bank loans – much increased despite the strong cash-generation evident in company accounts – definitely

company accounts - definitely formed no part of the official forecasts. If they had, it would have been apparent that reducing the target ranges for monetary expan-sion this year was inconsistent as well as vainglorious. Instead, the authorities have been in the awkward position of needing to express displeasure at monetary growth which stems partly from their own fiscal policies; the recent "deemphasis" of £M3 is a necessary

face saver. This story should not have come as a surprise to anyone connected with the 1984 budget. The corpora-tion tax reforms, which were intended to alter the relative marginal costs of capital and labour, were equally bound to raise the relative cost of capital - at the margin - in successive years until we arrived at the new steady state of 35 per cent tax and 25 per cent allowances. The moral, a tribute to the idea behind the fiscal reform, is that changes at the margin really can generate powerful aggregate effects.

#### Understatement

The point which seems to have been underplayed is that the fall in allowances from 50 to 25 per cent, coupled at the end of this year with the fall from 40 to 35 per cent tax, to invest quickly as the corresponding decline posed in 1984. And in proportional terms, the choice beween this year and 1986 looks steeper to wipe out the same amount of otherwise taxable profit may demand twice the investment.



It is for this reason that some economists are beginning to argue that the recent official survey of investment intentions - which itself indicated a 10 per cent jump in the manufacturing spend this year – may understate the volume of capital expenditure that is in store for the last months of the 40 per cent/ 50 per cent tax regime. The computations of analysts at Rowe & Pit-man suggest that manufacturing investment could rise by as much as 15% per cent this year, on top of the 14 per cent seen in 1984, while the service and construction sectors could overshoot the 7½ per cent figure given in the intentions survey by a similar margin.

On the second lap of the course, this spending is likely to be somewhat more evenly distributed through the year than it was in 1984-85. Having had an extra 12 months to plan their spending there is not the same pressure on compa-Moreover, there is much more scope for the big-ticket items - comtimes longer than the year between

on its own; as the year-end ap-proaches, the slate of potential capi-tal projects gets refilled with ideas ures could easily show 12-month inhorizon to be planned for at the the target range. That is only what start. If these new projects are should be expected as the lending worth doing, they are worth doing which supported the 1984-85 invest cheaply - before April 1988.

over the next couple of years) is the final flowering of tax-inspired leas-ing. There can be no doubt that the banks will want to preserve as much of their depleted store of deferred tax as they possibly can. Last year they were willing to write a lot of business at low (possibly negaof business at nower to compensate for the drop from 75 to 50 per cent shelter; this year's fall from 50 to 25 merely magnifies the amount they would ideally like to do. Lessing rates could become remarkably attractive before the year is out. The very fact that allowances are being phased out gradually - and on a straight line basis at that - has geared up their ability to spur inmarke

#### Substitution

The consequences for 1986 and beyond will be partly determined by the the effectiveness of the investment that has been going on so far. Worrying overall employment figures, together with persistent an-nouncements of plant closures and voluntary redundancy schemes - so late in the recovery stage of the cycle - confirm that much of the new capital has been substituted for labour. The positive side of this is that if the labour-saving investment has led to a permanent uplift in effi-ciency and the return on capital, the basic demand for capital goods may also have shifted on to a high-er long-term level, even after the transitional tax effects have worn

If so, that is even less encouragnies to cram their investment into ing for employment than a temporthe last weeks before the guillotine. ary investment bulge. Fears that investment will drop precipitously in 1986 are surely overdone; if there is plex equipment and major plant a moderate falling away, that still construction — which have lead implies a higher rate of investment than in 1984. But if it is just a bulge, than in 1964. But if it is just a bridge, the pick-up in employment which pect an echo of the eleventh hour spree which produced over £2hn of leasing husiness in the final quarter of the 1984-85 financial year. The passing of time is a useful influence on its own as the year and

What will make them cheaper comparison; but the risk is that it (even for companies with accessible may then be interpreted as a monemay then be interpreted as a monetax losses to project their profits tary warning of the next recession.

All of these Securities have been sold. This aunonneement appears as a matter of record only

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June 17, 1985

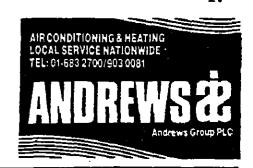
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#### SECTION II – COMPANIES AND MARKETS

### FINANCIALTIMES

Monday June 17 1985



## Flow of deals keeps international bonds of summer lull

denominated certificates of depos-

its or sterling advances. The deal is uncommitted but it follows the re-

cent signing of a separate \$100m,

seven-year standby revolving credit

with a commitment fee of Va per cent and utilisation fees of up to ¼

per cent depending how much is

Expected this week is a \$400m deal for the French car manufactur-

er Peugeot-Citroën, which will re-finance an earlier Eurocredit in the

same amount, while among deals in

the market increases have been an-nounced on the \$800m loan for Ko-

rea Development Bank and the \$100m credit for Hungary. The first is raised to \$650m and the second to

Sweden has met a positive initial

response to its \$1.50n refinancing launched a week ago, but bankers report some hestitancy on the

\$600m securitised standby loan faci-ty led by Credit Suisse First Boston

The deal, the first to incorporate

a floating-rate note with a standby facility, quickly found willing co-

managers when it was launched last Monday, but some reports in

the market suggest the initial tranche of \$100m in floating-rate

A potential flaw in the structure

calls on the facility.

for Banque Nationale de Paris.

BY OUR EUROMARKETS CORRESPONDENT

A STEADY flow of corporate Euro- bid for up to \$200m in dollar or Ecunote issues just kept the Euronote and credit market ticking over last week amid signs of an imminent

The deals included a \$300m facility for Colorado Interstate, the U.S. oil and gas pipeline company and \$200m for Australia's Bell Resources, both of which feature real-atively high facility fees. Fleet Fi-nancial, the U.S. bank holding com-pany, is raising \$150m, and Krediet-bank of Belgium has launched a \$200m facility that follows on from

tis recent standby credit.

The Colorado deal is guaranteed by its parent, Coastal Corporation, and led by Orion Royal Bank. It bears a facility fee of 25 basis points for the first three years, rising to 35 points for the following two.

The effective maximum yield on notes sold under the facility is 12.5 basis points over Libor (London interbank offered rate), but partici-pating banks will also receive a uti-lisation fee of up to 18% points de-

Schooling

pending on how much is drawn. Bell Resources' deal is led by Westpac Banking and also carries a maturity of five years, although the facility fee is 20 basis points. A tender panel will bid for notes up to a maximum yield of 15 basis points, but an additional fee of 12% points will fall due if underwriters are re-notes is proving slow to place. That quired to take up more than two registered tranche carries a comthirds of the issue at the maximum interest rate.

Chase Manhattan and Manufacturers Hanover are leading the of the deal is the liquidity of the in-Fleet Financial deal, of which itial tranche and no uniform prices \$100m is committed. It bears a facility fee of 12.5 basis points over five week, although lead manager CSFB years and provides for the sale of said it had sold some at par. One notes with a maximum margin of difficulty is that because the deal is 12.5 points. There is a utilisation fee registered and brokers are not of 5 basis points if more than half authorised holders, co-managers the notes sold in any tranche are re- simply cannot dump their paper in turned to underwriters. the market. That makes life harder Meanwhile Kredietbank has as for those who may have been

sembled a group of banks led by spoiled by the broker escape route Lloyds Merchant Banking Group to on conventional issues.

**NEW ISSUE** 

### market alive ahead Lehman floats off on a mystery cruise

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

LEHMAN BROTHERS sent swap more galling because the issues make a heavy loss. Also, what is not merchants scurrying for their calcuthemselves were highly successful. at all certain is the availability of way of funding return is now rather themselves were highly successful. nious deals launched for French

\$200m floater for Banque Indosuez and on Friday a \$400m issue for Banque Française du Commerce Exterieur (BPCE). Both bore the umusual feature of a maximum coupon (set respectively at 13% and 13 per cent) and both were acknowl-edged to be part of a swap deal that would give the borrowers funds at rates well below Libor (London interbank offered rate).

But the issues intrigued the mar-But the issues intrigued the market because no competing house was able to work out exactly how the swap was arranged. And convinced that it is now sitting on a winning formula Lehman refused to divulge any details.

All it would say on Friday was that the swaps were made possible by the maximum coupon feature and that in the case of BFCE it would provide funds at a rate of just 2.5 basis points over Libid.

That is much lower than most borrowers in the floater market ex-

lators last week as they tried to Both carry high margins of 1/4 per work out the mechanics of two inge- cent (in the case of Indosuez over three-month Limean and of BFCE borrowers in the floating rate note over three-month Libid), which clearly more than offset any wor-On Wednesday it launched a ries investors may have had over getting locked in to the maximum

> So long as those worries do not get out of hand and so long as no one else works out the formula, which is evidently as secret and as closely guarded as the ingredients of Coca-Cola, Lehman is sitting on a winner. But as rivals were quick to point out good things never last long in the Eurobond market and the best profits from any innovation always come at the beginning.

> Though investors have so far not been fazed by the maximum coupon many bank buyers of floating rate notes these days are focusing heavily on their short-term return on assets - bankers believe there must still be a limit to the interest rate risk buyers are prepared to take.

experience has shown that rates can move much higher. And if they earlier in the year, has now gone do, holders of these bonds will stale. The yield curve which has to

continuing swap business. Lehman flat as rates have fallen. will only say the counterparty represents high-quality risk but it may also be one with limited scope for

Lehman's issues were not the only innovation in a market that concentrated on floaters last week as prices of fixed rate issues slipped by % points on average.

On Friday Merrill Lynch launched a \$300m, 99 year floater for Canadian Imperial Bank of Commerce (CIBC), believed to be the first such issue to qualify as capital under new Bank of Canada regulations. It hears a margin of 14 per cent over six month Libor and the debt ranks just ahead of preference shares but is subordinated to deposits and secured notes.

Last week also saw the return of the mismatch floater with a deal for Hydro Quebec led by Credit Sui First Boston. Belgium was on Fri-day also seeking bids for an issue of

mismatch formula. The maximum coupons are The Hydro Quebec deal was pitched well above today's rate levels, but even over the last five years many bankers say that the mismatch formula, so much in vogue

tone of the secondary market. CSFB's issues for Queensland and Equitable Life were both, for exam-

counts last week, a number of the

new fixed rate deals were reason-

ple, holding up well - one because chase of a \$50m, 10% per cent bond of the appeal of an Australian name due 1992 and were trading at \$1 and the other because of the rarity over the issue price on Friday night. value of the first ever long-term debt issue by the U.S. insurance company borrower. But the main action in fixed rate

bonds lay elsewhere. It was full ad in the South Pacific with four further issues in both Australian and New Zealand dollars. High coupons in these currencies keep investors happy, while the swap opportunities appeal to bor-

Ecu issues started the week badly up to \$400m that could carry the with fairly heavy falls as the market consolidated after its recent gains, but the issue flow continued and prices recovered on Thursday to finish only modestly lower. The D-Mark sector has meanwhile been suffering both from a

but the DM 500m floater for Bank of Greece finished at a discount of While some earlier issues continued to languish at very deep disdue to investor caution towards the

risk. ably well received despite the poor • Merrill Lynch launched an issue of 50,000 five-year warrants for Norway's Bergen Bank. The warrants priced at \$15 each allow the pur-

EURO	<b>FARKE</b>	T TUR	NON

Turnover (\$m) Primary Market						
	reights		FRN	Other		
).S.\$	2,854.1	4.7	3,075.8	119.8		
	1,568,2		2,272.8	279.6		
)ther	881.9	1.5	5.9	79.9		
THY	455.5	0,7	122.7	73.9		

Sacondary Market
U.S.\$29,934,0 1,129.0 16,170.3 3,286.2
Prev 19,770.4 1,475,7 9,864.5 2,288.0
Other 4,070.0 70.2 470,1 1,514.3
Prev 3,556.8 63.8 1,406.1 1,294.3 Cedel Euroclear Total 18,301.1 38,282.7 56,583.8 11,550.7 26,822.4 38,473.1

Prev Other 3,978.8 3,115.0 7,093.8 4,037.0 2,936.9 6,973.9 Prev

### for two Norwegian banks

Poor start

By Fay Glester in Oslo

TWO of Norway's three leading commercial banks were hit during the January/April period this year by the Government's tough credit market measures. These reflected high minimum reserve require-ments (up from 10 to 11 per cent from February 1), combined with a low rate of interest on the Treasury bills which banks must hold in order to meet these requirements.

The poorer result of the two was announced by Christiania Bank, which saw operating profit before bad debt provisions drop to NKr 172m (\$19.5m), from NKr 230m a year earlier. This equalled only 1.13 per cent of average total assets in the period compared with 1.74 per cent in January/April 1984 and 1.53 per cent for 1984 as a whole.

Net interest income, as a propor tion of average total assets, fell to 2.83 per cent, compared with 3.72 per cent and 3.52 per cent, respec-

tively.
Other operating income - mainly from currency dealing and share trading - rose to NKr 276m from NKr 200m, while operating costs at NKr 535m were lower in relation to average total assets than a year earlier - 3.52 per cent compared with 3.66 per cent.

Bergenbank describes its four month results as "satisfactory" although profitability was weaker than a year earlier. Operating prof-its before bad debt provisions rose by NKr 7m to NKr 175m corresponding to 1.51 per cent of average total assets compared with 1.85 per cent in January/April last year and

1.81 per cent for 1984 as a whole. Net interest income, at NKr 339m. was NKr 21m up from a year earlier, but lower as a proportion of average total assets - 2.94 per cent, against 3.49 per cent.

Other operating income rose more sharply - by NKr 42m to NKr

### IRI left to choose SME suitor Norwegian fish farming

mitment to subscribe to subsequent turing commany, Societa Meridio-nale Finanziaria (SME) to Sig Carlo and the three other bids, which were available in the market last de Benedetti's Buitoni foods compa- were launched after April, Sig Dari- ino Craxi, who is opposed to the ny took another turn at the week-end when the Government minister decision, and absolving his ministry After IRI's privatisation agreeresponsible suspended the 20-day deadline for decisions which was to have expired yesterday and threw the market. That makes life harder the decision back at IRL

Last Thursday evening the board

could drag on for several weeks, have been informed of the deal by probably remaining unresolved un- IRI, whose running is influenced of IRI told the Minister for State til after the Italian presidential-Participation, Sig Clelio Darida that elections which begin on June 24.

THE POLITICAL row over the April 30 agreement by Italy's IRI ment "valid" and requested a decision to do nothing afstate holding group to sell for sion by the minister before last ter meeting senior Christian Democrat leaders (who in the main have supported the IRI sale to Sig de Benedetti), and Prime Minister Bet-

> of responsibility.
>
> The effect of the Darida decision
>
> ment with Sig de Benedetti, the SME sale ran into heavy opposition is that the unruly auction for SME' from Sig Craxi, who felt he should more by the Christian Democrats than by Sig Craxi's Socialist Party.

company goes public BY OUR OSLO CORRESPONDENT

THE first public offer of shares by a the Stolt-Nielsen group, plan to in-Norwegian fish farming company is vest the capital raised in expansion being launched on the Oslo market of their foreign agriculture interest, The owners of Seafarm, which

specialises in the production of Canada. young salmon for rearing, are put-ting about half the company's Im shares on the market at a price of NKr 220 (\$25) each - 22 times their par value. Subscription lists will open on June 20.

France, Spain, Greece, the U.S. and In 1984, it achieved an operating profit of NKr 19.5m on turnover of NKr 41.8m.

This year's budget foresees operating profit of NKr 25.4m on turn-over of NKr 53.5m, and net profit, after tax, of NKr 22.1m.

which include fish farms in the UK,

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**JUNE 1985** 

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May 18, 1985

#### INTERNATIONAL CAPITAL MARKETS

U.S. MONEY AND CREDIT

### Testing week for market's buoyant mood

FOR THE U.S. credit markets, this week could prove decisive, at least in terms of market mood Last week investors led short-

term interests rates lower, bet-ting on another cut in the discount rate. Speculation about a discount rate cut reached a crescendo on Friday, sending bond prices soaring.
But the Federal Reserve,

while remaining accommoda-tive, failed to oblige making the market vulnerable should the Fed continue to hold out. This week the current buove ant mood of the credit markets will be severely tested. The number everyone—perhaps in-cluding the Fed—is waiting for is the second quarter flash gross national product estimate due out on Thursday. Estimates range from an anaemic 1 per cent growth to a more accept-able 3 per cent, with the bias

towards the lower end.

Ahead of the GNP number the market will be reminded of Uncle Sam's own appetite for new funds. On Tuesday the Treasury is due to announce details of the end-quarter minirefunding. The package is ex-pected to total around \$17bn, made up of four-year and

**UK GILTS** 

	Lest	1 week	4 wks		nonth-
	Friday	190	200	High	Low
Fed Funds (weekly average)	7.50	7,80	8.12	11.77	7.50
Three-month Treasury bills	8.69	7.17	7.41	10.77	6.93
Six-month Treasury bills	6.85	7.23	7.80	10.83	6.85
Three-month prime CDs	7.42	7.50	7.95	11.50	7.37
30-day Commercial Paper	7.35	7.35	7.85	11.38	7.30
90-day Commercial Paper	7.30	7,30	8.05	11.40	7.25
U.S. BOND PRICES		Change	(%) Yield	1 wask	<b>8</b> go
	Last (	Change		10.18	ago 10.40
Seven-year Tressury	Last ( Friday (	Change in week + 1	Yield	ago	10.40 10.96
Beven-year Treasury	Last ( Friday of 106% 112%	Change in week + 1 + 1%	Yield 9.56	10.18	10.40 10.96 10.84
Seven-year Treasury	Last ( Friday of 108% 112% 108	Change in week + 1	Yield 9.98 10.44	10.18 10.62 10.53 10.75	10.40 10.86 10.84 11.25
Seven-year Treasury	Last ( Friday of 106% 112%	Change in week + 1 + 1%	9.98 10.44 10.37	10.18 10.62 10.53	ago 10.40

seven-year notes together with further speculation that a disa \$4.5bn tranche of 20-year count rate cut was imminent.

count rate cut was imminent suggested, "the monetary bunds.

The following day the Treasury will auction \$0.5bn of two-year notes. On Friday the new paper was trading at 8.45 per cent on a when-issued basis.

But the current key to the markets mood is the overnight fed funds rates. On Thursday and Friday last week Fed funds dropped below the 7.5 per cent level. More significantly, the Fed did nothing to halt the decline, helping fuel

count rate cut was imminent suggested, "the monetary authorities may wish to limit further accommodation to a small decline in the funds rates. On Kaufman, echoing remarks he made earlier in the week in Europe, said that "even this should be enough to prompt another cut in banks' prime rate."

Like othe senior economists, Fed's inclination towards additional easing reflects its desire on Friday, spurred by an unhorities may wish to limit further accommodation to a small decline in the funds rate."

Nevertheless, Dr Kaufman, echoing remarks he made earlier in the week in Europe, said that "even this should be enough to prompt another cut in banks' prime rate."

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Nevertheless, Dr Kaufman, echoing remarks he made earlier in the week in Europe, said that "even this should be earlier in the week in Europe, said that "even this should be earlier in the week in Europe, said that "even this should be earlier in the week in Europe, said that "even this should be earlier in the week in Europe.

I we should be made earli

divided as ever on the prog-

Henry Kanforan D۳ Salomon Brothers-while notpears flush with reserves, im-plying a "very accommodative" plying a very accommodative fed posture—said that the credit markets remain vulner-able because "a large volume of securities remain in street positions and the cut in the discount rate may not be immediately forthcoming."

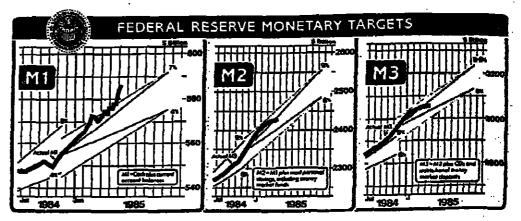
For the time being, he suggested, "the monetary authorities may wish to limit

industrial production and a of recent economic statistics, lower than expected 0.2 per which show no evidence of cent increase in producer strong consumer demand amid stagnant industrial production.

\*\*Rentman argues that the continuation of the The lack of a discount rate cut late on Friday left Wall Fed's hesitancy to proceed with Street's analysts as deeply a more overt move towards easing may be due to the continued strong revival of money supply

Although the \$800m increase ing that the banking system appears flush with reserves, impears flush with reserves flush with r nearly 14 per cent.

But others, probably a majority on Wall Street, bemajority on wall street, be-lieve that although MI remains well over target, the significance of the acceleration is "highly suspect." Moreover they note that M2, M3 and non-financial credits someth remain and consticredit growth remain moderate



and within target. unchanged to 13 basis points

For the moment corporate lower and a further \$1.53bn in

treasurers are still taking advantage of the market's underbrought to market.

bonds respectively.

lying positive week corporate Among the new corporate Bond prices rose by 14 and 14 issues last week Chase Manhatpoint on medium- and long-term tan sold \$250m of 21-year exonds respectively. tendable notes, Morgan New issue yield levels were Guaranty sold \$250m of 81 per

cent, three-year notes priced to yield 2 894 per cent, and Wells Fargo sold \$100m of 12-year floating rate notes. to yield 9.05 per cent and \$200m of five-year 9j per cent notes Paul Taylor

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#### FT/AIBD INTERNATIONAL BOND SERVICE

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Benk of Tokyo 123, 91 100
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Cassac Nat En 114, 95 125
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Denmar 1054, 1024, 1054, Euro Inv Bk 11½ 91 ... 73
Euro Inv Bk 11½ 90 ... 100
EDC 97 88 ... 200
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EDC 11¾ 89 ... 150
EDC 12¾ 89 ... 100
FDC 12¾ 87 ... 100
Fod Dept Store 11 90 ... 100
Finland 11½ 88 ... 100
Finland 11½ 84 ... 75
Finnish Export 12½ 87 75
Finnish Export 12½ 87 75
Finstied Mich 1 13¾ 89 125
Fiorida Fad 12½ 89 ... 100
FNMA 11½ 91 ... 300
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Eurofima 6-1 92 ...

Intel 6-1 92 ...

Intel 6-1 93 ...

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Intel 6-1 93 ...

Intel 6-1 94 ...

Intel 6-1 94 ...

Intel 6-1 95 ...

Intel 6-1 LUXIFR STRAIGHTS 

### Foreign buyers lend a resilience

INFLATION may be at its given gilts an underlying resili-highest level for 2½ years, but ence which many think will be the gilt-edged market took difficult to shake. Friday's figures showing annual price rises at 7 per cent in its

Gilt prices barely moved ended more or less unchanged The muted reaction partly

reflected the fact that the market had braced itself for tation that the rate will begin to fall back in the autumn. in the week indicated that coupon conventional, with a sterling's recent recovery is minimum tender price of £75%.

The pound's indifference to tinued attraction of gilt-edged yields for foreign, and particudifficult to shake.

And the Bank of England

was able to take advantage of ing on July. Perhaps accident a few jitters before Friday's ally, the tender will coincide news to sell out of 2 per cent with the return of cheques to index-linked Treasury 1990 and unsuccessful bidders for the 21 per cent index-linked Treasury 2011. The Bank emphasised its

determination to maintain the pace of funding with the issue market had braced about 1980 of a new £400m tap stock, 3 per something worse—some brokers of a new £400m tap stock, 3 per had been talking of 7½ per cent cent Treasury 1990, and a minster and Lloyds on a 12½—and partly the general expectage of 2½ per cent cent base rate was widely interpreted as damaging to

Producer price figures earlier replacement stock, and the lowalready dampening pressure on is aimed at private investors import prices, and the market still holding cash from last has been impressed by the month's redemption of 3 per Treasury's apparent confidence cent Treasury 1985. Some of in its 5 per cent year-end foreof Treasury 3 per cent 1989, exhausted earlier this monthbut the Bank appears confident that there is still good demand. yields for foreign, and particu— The timing of the issue—on larly Japanese, buyers has also Thursday—suggests that the

the level of funding in the June banking month which ends on Wednesday, and are now focuswith the return of cheques to unsuccessful bidders for the Abbey Life share issue.

There were, however, one or two chinks in the general armour of confidence last week The decision by Barclays and index-linked 2013. interpreted as damaging to
The index-linked is simply a hopes of a further cut in cominterpreted as damaging to ing weeks. The two banks would probably have preferred the opportunity to leapirog their rivals and go to 12; per cent, but, unless Friday's fall in the dollar marks a new trend, rates look stuck for the time being.

Meanwhile, in what promises to mark the beginning of a thorough critique of the present operation of monetary policy, broker W. Greenwell last week poured scorn on the Treasury's increasing emphasis

supply measure.

Recalling the Bank of Eng land's initial objections to Mo. the broker said that the Treasmy had targeted a measure it could not control. It would be no surprise if it was eventually allowed to lapse like other targets before it.

At the same time, Greenwell drew attention to the infla-tionary potential of the huge build-up of liquid assets in the economy over the past few years, if something happened to translate it into spending.

There is also some unease about developments in the real economy, particularly the level of pay awards and the acceleration in the growth of unit labour costs. The Bank of England's focus

on sterling M3, which incident-ally will be distorted again this month because of the Abbey Life Issue, at least in part reflects its concern over such

Philip Stephens

**NEW ISSUE** These Notes having been sold, this announcement appears as a matter of record only.

### General Motors Acceptance Corporation (Incorporated in the State of New York, United States of America)

U.S. \$200,000,000

101/4% Notes Due 1989

Merrill Lynch Capital Markets

Arab Banking Corporation (ABC) Crédit Lyonnais

Bankers Trust International Limited

BankAmerica Capital Markets Group Nomura International Limited Union Bank of Switzerland (Securities) Limited

Orion Royal Bank Limited Banca del Gottardo

Bank Brussel Lambert N.V. Banque Générale du Luxembourg S.A.

Banque Nationale de Paris County Bank Limited

Commerzbank

Daiwa Europe Limited

Dai-Ichi Kangyo International Limited

Generale Bank Girozentrale und Bank der österreichischen Sparkassen

Genossenschaftliche Zentralbank AG Great Pacific Capital S.A.

Gulf International Bank B.S.C. Kuwait International Investment Co. s.a.k. IBJ International Limited

Norddeutsche Landesbank Girozentrale

Mitsubishi Finance International Limited

Toronto Dominion International Limited

Société Générale S.G. Warburg & Co. Ltd.

June 1985

1035; 1044; 1054; 1054; 1054; 1055;

### INTERNATIONAL CAPITAL MARKETS AND COMPANIES

### Malaysia builds up stake in Cycle

BY CHRIS SHERWELL AND WONG SULONG IN KUALA LUMPUR

**Gulf Resources** 

investor who won control of the Houston-based company in

a proxy battle three years ago, said he would also resign from its board.

The move comes after a dissident investor group built up a 6 per cent stake in the company and claimed that Mr Clore had failed to maximise the company value.

the company's value. Our Financial Staff adds: The

**Ecu domestie** 

issue by AmRo

European currency units rather

Clore sells

holding in

By Our New York Staff

Paul Tag

្ត ំព្រះ

MALAYSIAN government agencies together with the London-based Kuwaiti Investment Office bave built up a and main inspiration behind in the Carriage, one of Singapore's Chua family, long the Carriage, one of Cult (MW), which has the Toyota family in Chua family long the chua fa

### Four-month advance at Astra

ASTRA, the leading Swedish and marketing costs later in reached an agreement in prin-MR ALAN CLORE, who resigned late last month as chairman of Gulf Resources and Chemical, has sold his 20.3 per cent stake in the group to two London investors, Mr David Barlay and his brother, Mr Frederick Barclay, for about \$30.1m.

Mr Clore, the wealthy British investor who won control of

pharmaceuticals manufacturer, the year.

has reported a 24 per cent rise in pre-tax profits for the first four months of 1985 to SKr 380m (\$40.4m) from SKr 290m a year earlier.

The group has ungraded its business area consistents. SKr 290m a year earlier.

The group has upgraded its broises, local anaesthetics, anti-which expects turnover to rise which expects turnover to rise tory agents.

Improvements were noted in an improvement with a provement with a provement

reached an agreement in prin-ciple with Fermenta, the fast-growing Swedish pharmaceuti-cals and biotechnology group, to take over the dental division of Pierrel of Italy, with anual sales of some SKr 60m, as part of its expansion in the Italian

Pre-tax profits are expected Astra attributes its perform-have been cleared for the UK ance to high capacity use, as market but are still awaiting to SKr 950m, despite an well as improved profitability in approval from Swedish authorities foreign operations. It has ties, Astra said.

### Goldfields Industrial back in profit

BY JIM JONES IN JOHANNESBURG

Barclays are known primarily as hoteliers—notably owning the Howard Hotel in London but in 1983 also acquired Ellerman Lines, the UK ship-ping, travel and brewery group.

in the year to March despite a drop in turnover.

Nevertheless, the directors are not optimistic on immediate prospects. Turnover slipped to R35.9m (\$18m) from R37.1m while operating profits before tax and interest payments AMSTERDAM-Rotterdam Bank (AmRo) plans to issue Dutch "bankbrieven" denominated in

than guilders. AP-DJ reports from Amsterdam.

The issues in the Dutch domestic market, is due to begin today. Amro said the initial in-

estic market, is due to begin The directors say that the and May has caused it to reduce demand was today. Amro said the initial ingeneral economic uncertainty its internal projection for sales in 1984 and terest rate would be 9 per cent. has led to a severe decline in and earnings for the second first quarter.

GOLDFIELDS Industrial Corporation (GIC), the 60 per centowned South African subsidiary of B. Elliott, the UK machine tools group, returned to profit in the year to March despite a drop in turnover.

business confidence and that quarter and all of 1985.

As a result, the company no engineering industries has longer expects profits for the second quarter, which ended last week, to exceed the first a drop in turnover.

Demand is expected to quarter's \$3.5m or 15 cents a share. In the second quarter of 1024 at earned 225 miles.

R35.9m (\$18m) from R37.1m while operating profits before tax and interest payments increased to R1.68m from R0.54m.

A slight drop in the year's interest bill helped generate a pre-tax profit of R0.47m against considering a series of steps to bring U.S. manufacturing capacity in line with revised estimates for certain product types, but declined to provide details. It said machine tool the previous year's pre-tax loss of R0.79m.

Reuter adds from Cincinnati: capacity was maintained in the second parter in anticipation of further demand increases, machine tool demand in April noting that a trend of rising and May has caused it to reduce demand was firmly established. demand was firmly established in 1984 and continued through

#### Acquisition of AMF by Jacobs agreed

By Paul Taylor in New York AMF, the U.S. leisure equipment manufacturer, has finally agreed to be acquired by Mr Irwin Jacobs, the Minneapolis investor, under a sweetened two-step \$24 a share cash and paper tender

The agreement ends a bitter two-month battle be-tween Mr Jacobs and Mr man, over control of the

group. Under the terms of the deal Under the terms of the deal Mr Jacobs will pay \$24 a share for 12.5m out of AMF's 26.9m Shares outstanding, or a total of \$300m. Mr Jacob's Minstar holding company would then be merged with AMF under the second stage of the offer, with AMF's shareholders receiving debt securities with a face value of \$18.25 principal amount.

The terms of the transaction

\$18.25 principal amount.
The terms of the transaction represent a \$1 per share improvement over Mr Jacob's original \$23 a share offer for 12m shares, made two months ago. AMF fought that bid by offering a package of securities, also valued at \$23 a share, but the terms of the management's offer were ruled.

but the terms of the manage-ment's offer were ruled illegal by the courts. In an apparent attempt to lock out any alternative hids, AMF has also granted Min-star an option to acquire AMF's leisure division for about \$300m.

#### Washington Post in cable TV talks

By Our New York Staff CAPITAL CITIES Communicatious has confirmed that it is negotiating to sell its cuble television operations to the Washington Post newspaper group for about \$375m.

group for about \$375m.
The deal would form part of Capital Cities' efforts to raise \$1bu to help fund its \$3.5bn acquisition of American Broadcasting Companies (ABC), the U.S. television network group.

The 55 Capital Cities cable systems have about 375,000 subscribers, ranking the operations as the 21st largest cable system group in the

cable system group in the U.S. Last year the cable systems achieved operating profits of \$2.5m

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i				N. AMERICAN	QUARTE	ERLIES			
BROWN-PORMAN Wise and spirits		GENERAL CINEMA Theatree, bottling			JACK ECKERD Drugstores				
	Fourth quarter	1984-5	1983-4	Second quarter	1984-5	1983-4	Third quarter	1984-85	1983-84
į	Revenue	264.6m	283.8m	Revenue	219.4m	207.6m	Revenue	711.70	650.1m
ľ	Net profits	16.5m	13.8m	Op. net profits	18.7m	13.8m	Net profits		17.95m
	Net per share Year	0.75	0.54	Op. net per share,. Six month	0.49	0.34	Not per share		0.48
	Net profits	1.21bn 81.7m 3.43	1.15bn 73.5m 2.90	Op. net profits	434.2m 33m 0.87	404,8m 23,8m 0,63	Net pershare	. 63.68m	67,59

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange of the

17th June,1985

### National Australia 🌠 Bank Limited

(Incorporated with limited liability in the State of Victoria, Australia)

**A\$40,000,000** 3%% Notes Due 1992

Issue Price 100¼% Payable in U.S. Dollars

The following have agreed to subscribe or procure subscribers for the above Notes:

Orion Royal Bank Limited

Credit Suisse First Boston Limited

Salomon Brothers International Limited

Algemene Bank Nederland N.V. Banque Indosuez Baring Brothers & Co., Limited Creditanstalt-Bankverein Dresdner Bank Aktiengesellschaft

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Kredietbank International Group Merrill Lynch Capital Markets

Samuel Montagu & Co. Limited J. Henry Schroder Wagg & Co. Limited Banque Bruxelles Lambert S.A. Banque Paribas Capital Markets County Bank Limited

Deutsche Bank Aktiengesellschaft Generale Bank

**Hambros Bank Limited** 

LTCB International Limited Mitsubishi Finance International Limited The Nikko Securities Co., (Europe) Ltd.

Swiss Bank Corporation International Limited

Application will be made to the Council of The Stock Exchange in London for Notes in the denomination of A\$1,000 constituting the above issue to be admitted to the Official List, subject to the issue of the temporary Global Note. Interest is payable annually in arrears on 26th June in each year, beginning on 26th June, 1986.

Union Bank of Switzerland (Securities) Limited

Particulars of the Notes and the Issuer are available in the Extel Statistical Service. Copies of the listing par-Particulars of the Notes may be obtained during normal business hours up to and including 19th June, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 1st July,

Orion Royal Bank Limited, London EC2Y 5JX

Rowe & Pitman, 1 Finsbury Avenue,

### C ALFA-LAVAL

US\$100,000,000

Multicurrency Revolving Note Issuance, Short-Term Advance and Standby Credit Facility

ENSKILDA SECURITIES

Lead managed by

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Managed by

ALGEMENE BANK NEDERLAND N.V. DEN DANSKE BANK

ORION ROYAL BANK LIMITED

BANQUE INDOSUEZ

CREDIT SUISSE

MIDLAND BANK PLC

GENERALE BANK

THE SUMITOMO BANK, LIMITED Société Générale

WESTPAC BANKING CORPORATION

Funds provided by MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Skandinaviska Enskilda Banken

ALGEMENE BANK NEDERLAND N. V.

BANQUE INDOSUEZ

CREDIT SUISSE

DEN DANSKE BANK

GENERALE BANK

MIDLAND BANK PLC THE SUMITOMO BANK, LIMITED

THE ROYAL BANK OF CANADA GROUP Société Générale WESTPAC BANKING CORPORATION

> Facility and Tender Agent MORGAN GUARANTY TRUST COMPANY OF NEW YORK

May 1985

This announcement appears as a matter of record only.

**EQUITIES** 

### SE listing puts value of £12.8m on First Security

First Security Group, a manufacturer of equipment for car safety, security and fire detec-tion, is coming to the stock market with a value of £12.5m.

The company is being floated off by a subsidiary of Midepsa International, the Canadian investment company controlled by Mr David Wickins, of British Car Auctions, and Mr Michael Ashcroft, of Hawley Group. After the issue, Midepsa will retain 36 per cent of First retain 36 per cent of First

Dr Fred Westlake, First Security's chairman, will retain another 2 per cent, leaving 62 per cent for the offer for sale. First Security's profits have risen from £16,000 pre-tax on sales of £2m in 1981, to £899,000 in sales of £6.2m for the year to the end of April, taking into account only the group's con-tinuing businesses.

However, after assuming that the offer for sale proceeds had been available for the year to March and making other adjustments to account for recent acquisitions, the group says its pro-forma profits were £1-2m pre-tax on sales of £7.1m.

On this basis, and on a 32.4 per cent tax charge, the shares offered at 160p are priced at 15.8 times earnings. The company is forecasting a 3.5p dividend for 1985-86, making the yield 3.1 per cent. First Security will raise £1.5m net from the offer for sale and a

capital reconstruction taking place at the same time. First Security was acquired by

#### **BOARD MEETINGS**

The following companies have notifled dates of board meetings to the
Stock Exchange. Such meetings are
usuelly held for the purpose of considering dividends. Official indications
are not available as to whether the
dividends are interims of finals and the
sub-divisions shown below are besed
mainty on last year's timetable.
TODAY
Interims—S. and W. Berisford,
London Scottish Finance, Union Discount.

count.
Finals—Alphameric, Avana, Ghamber-lain Phipps, Leigh Interests, Marshalls Halifax, PCT, Unigata.
FUTURE DATES

	LOIDUE DVIES		
2	Interims		_
2	Lincreft Kilgovi	July	2
	Onlowed	JUIY	1
3	Watson and Philip	June	18
	Finals—		
)	Ariel Industries	Juna	26
)	Flactric and Geni Investment	Juna	27
•	Hampton Gold Mining Areas .	June	26
)	Health Cara Services	June	24
•	S and U Stores	june	21
•			_

Midepsa in September 1984 and expanded by two acquisitions in December last year and in

The biggest contribution to group operating profits — 43 per cent — comes from its security activities, manufacturing inertia sensors and other electronic

Another 37 per cent of profits Another 37 per cent of profits comes from automotive safety—the company makes inertial switches (used in automatic fuel systems to switch off fuel in the event of a crash). The main adjusted, pro-form customer is Ford, in the U.S., accounting for 89 per cent of this division's revenue.

Fire detection, accounting for almost all of it accounts almost all of it account almost all of it accounts almost all of one of one of large contract. It is believe that this businesses is wor accounting for sevent of a crash). The main adjusted, pro-form adjusted, pro-form almost all of it accounts almost all of it accounts almost all of it accounts almost all of one of one of large contract. It is believe that this businesses is wor accounting for sevent of a crash). The main almost all of one of one of a crash) are accounted to a crash almost all of one of

#### remain in Scotland if bid succeeds the remaining 20 per cent of operating profit, involves the

MR

Bell's to

ERNEST SAUNDERS. MR EXNEST SAUNDERS, chief executive of Guinness, the brewing and retailing group, said yesterday that the management of Arthur Bell, the whisky com-The company, which employs 240 people, has its biggest site in Fleet, Hampshire. pany, would remain in Scotland if Guinness succeeded in its take Messel. The application lists close on Friday, and dealings over bid for the Perth-based

company.
At a press conference in Glas-At a press conterence in Glasgow, Mr Saunders said he would try this week to contact Mr Raymond Miquel, chairman of Bell's, to arrange a meeting.

Mr Miquel last weeks rejected Guinness' £327m bid for Bell's, as "inadequate." He is expected heek from a trip to the US.

back from a trip to the U.S. this week. Mr Saunders would not be drawn in questions from journal-ists about any possible increase in his offer price.

in his oner price.

The press conference was called apparently to soothe any anxieties in Scotland about the anxieties in Scotland about the implications of a takeover.

Past cases of UK or foreign companies buying out Scottish companies have generated considerable opposition in Scotland, which fears the loss of further management skills. tion. The fire detection opera-tion too concentrates on a specia-lised product, though its success has yet to be proved given that most of it has been in the group for only a few months. Then there is the car safety business, which has generated much of the group's recent profit growth but almost all of it achieved on the

The management of the operating company would remain with the operating company, Mr Saunders said. He added that the Gleneagles Hotel group, which was taken over by Bell's last year, would remain within the group. But he said the future of the Piccadilly Hotel in London, a recent pur-chase by Gleneagles, would need

to be reviewed.

Mr Saunders said he had 'n mind the creation of a British drinks marketing group based on the foundation of Guinness and

the foundation of Gilinness and Bell's.
While avoiding direct criticism of the management of the whisky company, Mr Saunders said that the promotion of a product would have to be aimed at the consumers not just at agents such as pub owners.

John Swan falls Pre-tax profits of John Swan & Sons fell from £151,000 to £139,000 for the year to April 30, 1985, on turnover ahead by £39,000 to £980,000. ESS,000 to ESS,000.

The directors of this Edinburgh-based livestock auctioneer and estate agent, are maintaining the single dividend at 8.5p net.

FT Share Information The following securities have been added to the Share Infor-mation Service:— Aspen Communications (Section: Paper, Printing).

Domino Printing Sciences (Electricals). Elbar Inds. (Industrials).

Nationwide Bldg. Soc. 12 pc 12/5/86 (Loans, Building Socie-

### **Christian Salvesen** to offer 57m shares

Merchant bank Kleinwort Ben-

son is offering 57.1m shares, or 20.8 per cent of the enlarged equity, at a fixed price of 115p, valuing the company at £315m. The Edinburgh-based group, with interests in food processing, and distribution, housebuilding and marine and oil services, made profits of £33.4m pre-tax on turnover of £256m in the year to March.

company's 19th century founder, are selling 37.1m of the shares on offer. The remaining 20m are being sold to raise £21.35m

after expenses to help fund the company's future expension. The company's properties divi-sion, contributing £8.3m of trad-ing profit, runs a brickmaking company and a housebuilder,

8 Lovat Lane London EC3R 8DT

Granville & Co. Limited

Over-the-Counter Market

U.S.\$75,000,000

EAB FINANCE N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Guaranteed Floating Rate Notes Due 1993

European American Bancorp (Incorporated with limited liability in New York, U.S.A.)

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from 17th June, 1985 to 17th December, 1985 the Notes will carry an

interest rate of 8½% per annum. On 17th December, 1985 interest of U.S.\$209.69 will be due per U.S.\$5,000

European Banking Company Limited (Agent Bank)

U-S.\$125,000,000

THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY

OF THE KINGDOM OF DENMARK
(Kongeriget Danmarks Hypotekbank og Finansforvaltning)
Guaranteed Floating Rate Notes due 1999 Series 95
Redeemable at the Noteholders' Option in 1996
Unconditionally guaranteed by
THE KINGDOM OF DENMARK

Notice is hereby given that the Rate of Interest for the third one-month sub-period has been fixed at 715% p.a. and that the interest payable for the third one-month sub-period in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$61.74. The total amount due for Coupon No. 5 payable July 15, 1985, is U.S.\$215.64.

June 17, 1985, London By: Cicibank, N.A. (CSSI Dept.), Agent Bank

Note for Coupon No.4.

17th June, 1985

Christian Salvesen, one of the businesses which includes a fleet UK's largest private companies, of colliery coasters, a generator is coming to the stock market supply company and an offshore with a foom offer for sale.

Christian Salvesen comes to mar-ket bearing a mixed bag of businesses built up over a generation spent re-investing the the food industry, one of the food industry, one of the Earnings per share were 7.6p, after a 41 per cent tax charge, putting the shares on a price/ larly food storage and distribution price. The dividend for the year was 2.875p, making the yield 3.57 per cent.

Existing shareholders, among them many descendants of the company's 19th century founder. trates on second homes, but based in the depressed No.
West; the generator suppl
seems to have found a place

493 | F.P. | 2846 | 108 | 104 | 172 | F.P. | 2846 | 190 | 176 | 130 | 176 | 130 | 185 | 196 | 176 | 130 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 19

generation spent re-investing the fortune the company amassed from whaling. Along the way there have been a few false turns, but the group has managed to move itself strongly into the food industry, one of the stock market's most popular sectors. These activities, particularly food storage and distribution, seem to have good growth prospects both in the UK and overseas and on their own would merit a multiple of well Christian Salvesen's largest a specialist market, but the business is in food related same can hardly be said of the activities, which contributed company's brickworks. And the group's finerests in U.S. oil and trading profit last year. square with Salvesen's effort to gather the rest of its activities into a coherent whole. Nevertheless in valuing the company at Salvesen Homes.

The marine and industrial division, bringing in £4.9m of trading profit, has a portfolio of the group's various parts.

Telephone 01-621 1212

#### FIXED INTEREST STOCKS

wth and own well	Issue price £	Amount paid up	Renuno.	1985 High Low	Stock	Ofdelng price 6	+9
rtly else- cen- t is	T .	NII NII F.P. AII F.P. £30 F.P. F.P.	92/7 6/7 6/6 19/7 12/7	80ppm 85ppm 111   107 6pm   106p 108p   106p 314   39h 1004   100h 105p   100p	Allebone Sug Cnv. Cum. Rd. Pri	110 1pm 105p 30H 100d 103p	7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7

#### RIGHTS OFFERS

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195 F.P. 16/7 216 195 Anchor Chemical	Issue 30 Rent		Renunc.	1985		Stock	Ckeling	1
Nii   -   3pm   3pm   Anabacher (H.)   3st   190   Nii   9/6   55pm   50pm   price	돌립	CHILE	High	Low	j	중로	L	
2   Nii   22,7   1½pm   1pm Willaire Systems	350 190 220 154 80 185 120 10	F.P. Mil F.P. F.P. F.P. F.P.	5/7 9/8 	5pm 406 55pm 19pm 160 95 25pm 152 404 811	3pn 372 50pn 7pn 154 85 12pn 125 27	Anabacher (H.) Seazer (G.H.) 70p Emess Lighting Emess Lighting English China Clays E Godwin Warren  Grosvenor Square 10p Hansor Trust Suter Sp "The Times" Venger	390 50pm 7pm 160 85 12pm 125 374	

Renunciation date usually last day for dealing free of stemp duty. § Figures based on prospectus estimates. g Assumed dividend and yield. ¿ Forecast lividend cover based on pravious year's earnings. p Pence unless otherwise relicated. I Issued by tander. [Offered holders of ordinary shares as a rights." Saued by way of capitalisation. §§ Reintroduced. ¶ Issued to connection with reorganization mentager or takeover. R Allotment large.

#### PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the more important company divided statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcement except where the forthcoming board meetings (indicated thus\*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announce- ment last	
		YOUT	
ı	Assoc		
ı	NewspepersJuly 12	Interim 4.5	
ı	*AvaneJune 17		
į	*BPB IndsJune 26		
ı	BETJuly 19	Final 9.75	•
Ì	*Berisford	I	
1	ne 17 (\$. & W.)June 19 (\$. & W.)		
Į	*British	Final 1.5	
I	TelegomJupe 19	Final due	
ı	Burnett and	C 14101 (404	
ł	Hallemakire,June 22	Final 4.75	
1	*Cable and		
ı	WirelessJune 26	Final 4.1	•
ľ	*Centrovincial		
ı	EstatesJune 18	Final 3.0	•
l	Charter CnsJune 27	Final 7.25	
I	Deejsn:July 11	Final 9.625	
ı	Daily Mail_		
ŀ	&Gen TstJuly 12	laterim 12.0	
ı	Davy CorpnJuly 19	Finel 2.585	
ı	*Dawson IndJune 20	Final 4.9	
ı	DistillersJuly 19	Final 9.15	
ı	Dixonsuly 19	Final 3.4	
ı	DowtyJuly 19	Final 2.8	
l	*FerrantiJune 26 *Fitch LoveliJune 20	Final 4.4 Final 5.7	
ı	*GEI IntiJune 18	Final 3.555	_
ľ	GestetnerJuly 19	Interim 0.5	-
	Great Univ		_
	StoresJuly 19	Final 10.5	
	Greycoat		
		Engl 0.8	

Ind.....July 19 Final 4.0 Necestle Bree July 3 Final 3.64 Thom EMI July 12 Final 12.5 J. ( \$ 1 ) 47 15

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Viyella...July 3 Interim 4.0 Wedgwood ...June 18 Final 3.5

Issue since made. ‡ Tax free. § Scrip Issue since made. ¶ Forecast.

#### SHARE STAKES

son, a director of Bonusbond Holdings, has disposed of his en-tire interest of 245,000 ordinary in the holding company Promo-tions House

the fluiding company Promo-tions House.

Pentes—T. A. Maker, chair-man, sold on June 12 100,000 ordinary shares. He continues to

Changes in Company share stakes announced over the past week include:
Grattau—P. F. Lomas, finance director, has exercised an option to purchase 35,000 shares at 108p on June 10 and now holds 36,000 shares.

Albert Fisher Group—D. G. Pearce, a director, has disposed of 200,000 shares and now holds 382,623 ordinary and 7,643 7 per cent convertible preference shares.

Promotions House—D. J. Rob-Promotions House—Hous

who now holds 522,000 shares (10.08 per cent).

Micro Business Systems—
Directors W. S. C. Richards and M. J. Brooke have each purchased a further 25,000 ordinary shares at 128p.

J. Bibby and Sons—A. G. Thompson, director, acquired 20,000 ordinary shares.



BCC announces

#### **Drexel** in withdrawal BY LUCY KELLAWAY

Drexel Burnham Lambert, the us," he said. Drexel will be Wall Street securities house, 15 reviewing its position when the withdrawing its application to become a primary dealer in the market for UK Government. The Bank of England announced earlier this month, that 21

executive vice president in put a total of £600m and £700m charge of Drexel's European into the market, about four operations, said yesterday that times the amount of capital prethe reason for the decision was sently committed. the large number of other applicants also seeking to become junk bond" section of the U.S.

market for UK Government
The Bank of England announced earlier this month that 31
Mr Roger Jospe, the senior financial groups had applied to

bond market, is the first to "In the first two or three years announce its plans to pull out the return on capital employed would not be enough to satisfy this week to reconsider.

Renters seeks control of Visnews international business announcement can be expected

information group, Reuters, is seeking to acquire a controlling interest in Visnews, the tele-vision news agency, in which it until next month following a board meeting of Visnews' trustees.
Visnews would fill a gap in vision news agency, in which it Visnews would fill a gap in already has a 33 per cent stake. Reuter's overall news services, the company said yesterday. It preliminary talks with the BBC, would add moving pictures to which owns a further 33 per cent news picture services launched of the shares. However, no at the beginning of this year. which owns a further 33 per cent of the shares. However, no

#### **Evelyn-Jones** family sells Tex holdings

manufacture of smoke detection

The broker to the issue is L.

are expected to start on Thurs

First Security has been bolted together by Midepsa in a series

of quick deals typical of Mr Wickins and Mr Ashcroft. The

company, as it now stands, has only been in existence for a few

months so it is difficult to judge how it will perform as a group. The activities are a mixed bag— the core security business seems to have filled a useful niche in a

competitive market, concentrat-ing on manufacture not instalia-tion. The fire detection opera-

back of one overwhelmingly large contract. It seems hard to

believe that this untidy bag of businesses is worth 15.8 times adjusted, pro-forma earnings, cal-

culates to include interest on offer for sale proceeds, but with Mr Ashcroft and Mr Wickins one

systems and alarms.

day, June 27.

CONTROL OF Tex Abrasives. the sandpaper manufacturer, has passed from the Evelyn-Jones family. They have sold 29.9 per cent of Tex to Edward Le Bas, a private industrial holding com-pany, and the remaining 23.9 per cent of their holding have been placed by Sheppards and Chase, all at 80p a share.

At the same time, the Tex board announced that it is buyopen announced that it is buy-ing BSP, a manufacturer of weld steel tube, for £975,000 from ELB, and is selling its Hermes coated abrasive assets for firm to one of its major suppliers NSI.

The company has also reported profits before tax for the year to March of £341,000 (£321,000), and amounced a final dividend of 2.75p to make a total of 3.5p

Mr A. Burrows and Mr W. B. Charity, respectively chairman and managing director of ELB will become chairman and managaing director of Tex.

Ass. Brit. Ind. Ord. ... 147 - 3 10.0 6.8 - 7.7

Ass. Brit. Ind. CULS. ... 147 - 3 10.0 6.8 - 7.7

Ass. Brit. Ind. CULS. ... 147 - 3 10.0 6.8 - 7.7

Arisprung Group ... 51 - 2 6.4 12.5 5.8 6.7

Armitage and Rhodes. ... 37 - 1 2.9 7.8 4.6 7.7

Bardon Hill ... ... 157 + 4 4.0 2.5 20.7 20.7

Bray Technologies ... 60 + 2 3.9 6.5 7.3 8.5

CCL Ordinary ... ... 163 - 12.0 7.4 4.0 3.8

CCL 11pc Conv. Pref. 165.4 - 5 15.7 14.9 - 8

Carborundum Ord. ... 128 + 6 4.9 3.9 6.2 9.8

Carborundum 7.5pc Pf. 82xd - 5 10.7 12.9 - ...

Garborundum 7.5pc Pf. 82xd - 5 14.1 4.4 7.1

Frank Horsell Pr Ord 87 266 + 4 9.6 3.6 10.7 14.0

Frank Horsell ... 334 + 4 - ... 13.4 17.6

Frank Horsell ... 334 + 4 - ... 13.4 17.6

Frederick Parker ... 28 - 1 - ... - 4.0 8.0

Ind. Precision Castings 24 - 1 2.7 11.3 6.6 7.1

Isla Group ... 180 - 15.0 8.3 7.1 12.9

James Burrough 9pc Pf. 90 - 12.9 14.3 - ...

John Howard and Co. 94 - 5.0 5.3 7.5 11.8

Inguaphone Ord. ... 223 - 1 - 8.2

Armitage and Carlisle ... 76 - 5.0 6.7 3.8 6.9

Travian Holdings ... 30 - 1.3 4.3 14.6 21.0

Walter Alexander ... 103 - 7.5 7.3 7.7 17.1

W. S. Yeates ... 228 - 1 17.4 7.8 6.4 11.2

Isla and details of services now available on Prestul, page 48146

Martin Currie Pacific Trust (Trusts).

This advertisement complies with the requirements of the Council of The Stock Exchange

U.S. \$100,000,000



### Aluminum Company of Canada, Limited

111/4% Debentures Due 1995

The following have agreed to subscribe or procure subscribers for the Debentures:

**Credit Suisse First Boston Limited** 

**Swiss Bank Corporation International Limited** Banque Bruxelles Lambert S.A.

**Amro International Limited** Crédit Commercial de France

Deutsche Bank Aktiengesellschaft

Morgan Grenfell & Co. Limited **Morgan Stanley International** 

**Morgan Guaranty Ltd** 

Orion Royal Bank Limited

Union Bank of Switzerland (Securities) Limited

Wood Gundy Inc.

Yamaichi International (Europe) Limited

Application has been made to the Council of The Stock Exchange for the Debentures to be admitted to the Official List. The Debentures will bear interest from 27th June, 1985 at the rate of 111/4% per annum payable annually in

arrear on 27th June, the first payment falling due 27th June, 1986. Listing Particulars relating to the Debentures are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including 19th June, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 8th July, 1985 from:-

Bankers Trust Company, Dashwood House, 69 Old Broad Street London EC2P 2EE

Credit Suisse First Boston Limited, 22 Bishopsgate, London EC2N 4BQ

Hoare Govett Ltd., Heron House, 319/325 High Holborn, London WC1V 7PB

17th June, 1985

Financial times stock indices										
1	June 14	June 13	June 2	Jone 11	June 10	June 7	19 Xigh	85 Low	Since Co High	mpliation Low
Government Secs.	81.66	81.45	81.66	81.68	81.51	81,81	82.00	78,02	127,4	40,0
Fixed Interest	86,12	86.11	86.15	86.10	86.05	86,58	86.38	82,17	150.4	50.0
Ordinary	979.1	9 7,0	984.0	998.4	991,3	1001.6	1024.5	928.7	1024,5	40.0
Gold Mines	456,8	429.6	426,6	424.4	421,9	434.8	536.9	421,9	784.7	45.4
FT-Act All-Share	616,44	619,54	625.39	682.00	529.24	624.66	644,21	581,88	644,21	61.9

..... 1275.5 | 1278.9 | 1291.4 | 1308.1 | 1299.6 | 1310.6 | 1524.4 | 1206.1 | 1342.4 | 286.9

LADBROKE INDEX 979-983 (+11) Based on FT Index Tel: 01-427 4411

First series issued on June 16, 1982 maturing

hereby notified that for the next interest period from June 18, 1985 to December 18, 1985 the following information is relevant:

1. Applicable interestrate:

81/4% perannum

CITIBAN(•

payment date:

3. Next interest payment date:

June 14, 1985

BA Asia Limited

### M.I.M. Holdings Limited Guaranteed Floating Rate Bearer Notes 1989.

Holders of Floating Rate Notes of the above issue are

2. Interest payable on next interest USS4,193,75 per US\$100,000.00 nominal

December 18, 1985

 ${f BaseRate}$ 

that from 17th June 1985 its base rate is changed from  $12\frac{3}{4}\%$  to  $12\frac{1}{2}\%$  p.a.

BANK OF CREDIT AND COMMERCE INTERNATIONAL SOCIETE ANONYME LICENSED DEPOSIT TAKER 100 LEADENHALL STREET, LONDON ECJA JAD

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BOARD MEETINGS-

ACROSS

dug up (5)

the main (9)

we hear? (7)

have a fluke? (7)

it is child's play (4, 3, 7)

-17

**BUSINESSMAN'S DIARY** 

UK TRADE FAIRS AND EXHIBITIONS

Royal Highland Show (031-333 Drives, Motors, Controls Exhibi-2444) (until June 19) Drives, Motors, Controls Exhibi-tion (0799 26699) Olympia Ingliston Showground, Edinburgh July 17-21 Ingliston Showground, Edinburgh Computers in Manufacturing (01-891 3426) July 1-3

Insurance Information Exchange —exhibition and seminar (01-831 City Conference Centre, EC3 COMPANY MEETINGS-July 24 July 2-4 P.C. Users Show (01-837 3699) Olympia

July 9-11 National Education, Training and Development Exhibition and Conference (01-637 2400) NEC, Birmingham Exhibition Centre, Bristol

5.00

Artifiery Company, Armoury Hosse, City 1000. EC. 11.15

Bod. EC. 11.15

British MEET INGS—

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OVERSEAS TRADE FAIRS

June 18-22
International Exhibition of Machinery and Materials for Packaging—ASIAPACK (01-683
115R) Singapore International Chemical Pair (01-891 5051) Jane 29-July 1
European Fishing Tackle Trade
Exhibition (01-681 1242) July 15-20 September 1-7
Total Energy Exhibition (01-968 International Autumn Fair (01-4567) Guangzhou 493 3111) Leipzig

**BUSINESS CONFERENCES** 

June 17-18 Economist Conference Unit: Multinational corporations (01-839 7000) Park Lane Hotel, W1 June 18 B. J. O'Connor International: Japanese materials management (0932 51334) Holiday Inn, Heathrow

Add & Simpson
Reperints:

Alloger 151.

DIVIDEND & INTEREST PAYMENTS—
Sert 153. 0.89 A 70cMax 3.50, D 4.90c
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Financial and Business Exhibitious: Strategies for innovation FT Conference: Oil indus
(01-493 8000) Tara Hotel, W8 developments (01-621 1355)
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The Institute for Fiscal Studies: Corporation tax (01-636 3784)
St. Ermins Hotel, SWI
ESC: The Business Expansion
Scheme—what the professional adviser must know (0572 822711)
Inn on the Park, W1

Regent Palace Hotel, WI
July 2
Royal Institute of International Affairs: European Initiatives in Information Technology (01-830

Classification Flatter Plane

Cookham, Berks
Metal Bulletin Conferences:
Barter 4 — Latin American countertrade (01-330 4311)
Rie Palace Hetel,

Classification Plane Chatham House

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change

PARLIAMENTARY DIARY

Commons: Debate on a Government motion to approve the White Paper on airports policy, Command 8542.
Lords: Pons (Finance) Bill, Committee. Copyright (Computer Software) Amendment Bill. Third Reading, Local Government Bill, Report. Rating (Revaluation Rebates) (Scotland) Bill, Second Reading.
Select Committees: Environment—Select Committees: Environment—Select Committees: Environment—Select Committees: Witness: Select Committees: Environment—Subject: Radioactive waste. Witness: Nuclear Industry Radioactive Waste Executive (Room 20, 4.30 pm). Trassury and Civil Service—Subject: Supply Stimate, Class 11, Vote 9 (Budget of the European Communities), Witness: Mr Ian Stewart MP, Economic Secretary to the Treasury (Room 15, 4.30 pm). Public Accounts—Subject: Dockyards, Witnesses: Sir Clive Whitness and Vice Admiral Sir Anthony Tippett. MOD (Room 16, 4.45 pm). ping off (6, 8)

16 Strong material sent back or due up (5)

17 The incidence of it is dop to be set (5.4)

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TOMORROW Commonst: Debate on a Government motion on the Green Paper on the reform of social security.

Londs: Local Government Bill, Report, Prohibition of Circumcision Bill, Report, Select Committees: Trade and Industry—Subject British Steel Corporation, Witnesses: Sir Robert Haslam, chairman, and other BSC officials (Room 16, 10,30 am). Transport—Subject: Tolled crossings, Witnesses: Greater London Council; Cross-River Consortium (Room 17, 4.15).

WEDNESDAY Commons: Opposition debate on a mution entitled "Government imposed price increases." Motion on European Commonity documents on quick frozen toodstuffs.

Community documents on quick frozen toodstuffs.

Lorder Debate on the Government's social security review. Local Government (Access of Information) Bill, Committee.

Subject Committees: Scottish Affaira—Subject: Fisheries protection. Witnesses: Maistry of Deleane officials (Room 19, 10.30 am). Welsh Affaira—Subject: Tourism in Wales. Witnesses: Masociation of British Travel Agents: Mr John Brown, John Brown Tourism Services. (Room 18, 10.30 am). Energy—Subject: Energy efficiency. Witnesses: The Secretary of State's five marketing advisers on energy efficiency; Council for the Protection of Rural England, Room 8, 11 am). Public Accounts—Subject: Wership building policy. Witnesses: Mr P. K. Levene, MOD: Mr

J. G. Day, British Shipbullders (Room 16, 4.15 pm), Social Services—Subject: Social security reviews, Witness: Rt Hon Norman Fowler MP, Secretary of State (Room 21, 4.15 pm), Transport—Subject: Marine pilotage, Witnesses: London ship owners; London port harbour masters (Room 17, 4.15). Environment—Subject: Radioactive waste. Witnesses: Natural Environment Research Council, including witnesses on behalf of the British Geological Survey and the Institute of Oceanographic Sciences (Room 20, 4.30 pm). Defence—Subject: Future of the Royal Dockyards, Witnesses: File Regional Cauncil: Dunfermine District Council (Room 15, 450 pm). Unopposed Bills—Nottinghamshire County Council (Room 5, 4 pm). Lords Select Committee on Oversess Trade—evidence from Rt Hon Norman Tebbin MP, Trade and Industry Secretary, At 10.30 sm. THURSDAY

THURSDAY

Commons: Debate on a government motion on the White Paper on developments in the European Community, July to December 1984; on the report of the ad hoc committee on constitutional affairs, and on Community documents 1991/1/31 (on a conclimation procedure between the European Parliament Council and Commission); on 10350/82 (on stronger action in the cultural sector); and on 8957/82 and 4469/85 on controls and familiaries at Community borders.

Lords: Local Government Bill, report. Lords: Local Government Bill, report, Hospital Comptaints Procedure Bill, Third Reading, Road Traffic (Production of Documents) Bill, Committee, Hill Farming Bill, Committee, Further Education Bill, Third Reading.

FRIDAY Commons: Debate on small firms arising on a motion for the adjournment of the House. Lords: Sonia Ann Billington and Norbury Billington (Marriaga Enabling) Bill. Second Reading. Sexual Clences Bill. Committee. Wildlife and Country-side (Amendment) Bill. Report.

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Anderston Centre, Glasgov

Imperial College, London

International Software Engineer ing Exhibition and Conference

August 29-September 1 International Home/Show Video and Television—VIDTEL (021-780 4171) NEC, Birmingham

September 1-4 International Menswear Fair— MAB (0727 63213) Earls Court

July 17-25
International Cultivation, Harvesting and Packaging in Viticulture, Horticulture and Veg
Growing Exhibition (0869 252131)
Wishington

London Chamber of Commerce and Industry: "Venezuela—an oil economy. Prospects for British suppliers" (01-248 4444) 69 Cannon Street, ECA

International Advertising Asso-ciation (UK Chapter): Pan Euro-pean Conference (01-548 4809)

Longman Seminars: Copyright-

July 5 The Institute for Fiscal Studies Exchange losses (01-636 3784) Park Court Hotel, W2

July 9
The Industrial Society: Employing casual, part-time and temporary workers—implications of recent case law (01-839 4300)
London

tunities (01-404 4756)

August 16-18 International Men's I Week and International Fair (01-930 7251)

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FT Conference: The City Revo-lution (01-621 1355) Hetel Inter Continental, WI July 20
Commonwealth Institute: The Commonwealth and the Law of the Sea (01-603 4535) London

July 1

The Institute for Fiscal Studies: July 28-31

The implications of the Fowler Kluwer Conferences: Marketing review of the social security system (01-636 3784)

The implications of the Fowler Conferences: Marketing review of the social security insurance (01-588 6441)

System (01-636 3784)

Rio de Janeiro

in the details published.

the main (9)

12 Derange—leaving bracket, 6 One taking issue in kind

we hear? (7)

13 GP learn about what might have a fluke? (7)

paper review (9)

7 Lamb-like, English, with skewer upside down (5) 14 This unattractive woman 8 Colonist who stumps up (7) could be spotted (5) 9 Measure of a horse (6) 16 Withdraw from P-paradise, perhaps (9)

15 Will's books? (9)

17 Veronica to bowl along by perhaps (9)

19 Colonnade surrounding court in a fairy fashion (9)

18 Object—cure an onthreak.

Patience needed (9)

in a fairy fashion (9)

20 E.g. gaucho attached to Bill
(5)

22 Counter anger with continuous questions (7)

25 Propriety obsered in style of house-furnishing, with some hesitation say (7)

18 Object—cure an outbreak. Patience needed (9)

19 Injunction from Wellington, put out (7)

21 Rabbit on range? (6)

23 Yorkshire city rent cricketside (5)

24 Obliterate inner camera sensitivity (5)

hesitation say (7)
27 See devil create wildly and bring down curse (9)

hesitation say (7)

sensitivity (5)

26 Potato-store a hundred light? bring down curse (9)

28 Retract article taken from year-book (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday's prize puzzle will be published with names of winners next Saturday's particular points of the solution to last Saturday's prize puzzle will be published with names of winners next Saturday's saturday.

IRAN SURVEY

1 The incidence of it is drop- 2 Time for ploughman's course

11 Unusual trip finds spray in the main (9)

recent history (9)

I celebrate in

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coucation Bill, Third Reading.

Select Committee: Treasury and Civil
Service Sub-committee-Subject: The
financial and economical consequences
of UK membérship of the Europeak
Communities: The European Monetary
System. Witnesses: Rt Hon Roy
Jenkins MP, HM Treasury officials
(Room 8, 3.15 pm).

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French Sk funds (S)

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per aumon for each security.

#### TO THE HOLDERS OF LPC INTERNATIONAL FINANCE N.V.

8% CONVERTIBLE SUBORDINATED DEBENTURES DUE 1995

NOTICE OF DECLARATION OF DISTRIBUTION TO HOLDERS OF COMMON STOCK

NOTICE IS HEREBY GIVEN by LPC INTERNATIONAL FI-NANCE N.V. (the "Company"), pursuant to Sections 1104F and 1106 of the Indenture dated as of October 15, 1980 (the "indenture"), among the Company, Lear Petroleum Corporation, as Guarantor (the "Guarantor"), and Citibank, N.A., as Trustee, under which the above captioned Debentures were issued, that (i) the Guarantor will make a distribution on August 15, 1985 to holders of the Guarantor's Common Stock, \$0.10 par value, of Depositary Units ("Units") representing limited partnership interests in Lear Petroleum Partners, L.P. a limited partnership (the "Partnership"), on the basis of one Unit for each 40 shares of the Guarantor's Common Stock held of record at the close of business on June 28, 1985 (the "Record Date"), and (ii) as a result of that distribution, the adjusted conversion rate for each Debenture after the Record Date will be 36.0259 shares for each \$1,000 principal amount of Debentures (equivalent to a conversion price of approximately \$27.76 per share of Lear Common Stock). The Partnership has filed with the United States Securities and Exchange Commission a Registration Statement covering this distribution, which Registration Statement has become effective. The distribution of the Units does not represent new financing or refunding and is being made by the Guarantor as a security holder of the Partnership. Persons who are not United States citizens are ineligible to be holders of record of the Units and will acquire no rights in the Units other than the right to resell the Units to a United States citizen.

A written Prospectus, as supplemented, meeting the requirements of Section 10 of the United States Securities Act of 1933, as amended, may be obtained from Lear Petroleum Partners, L.P., 950 One Energy Square, 4925 Greenville Avenue, Dallas, Texas 75206, Attention: Mr. H. Monroe Helm. III. Holders of record of the Guarantor's Common Stock on the Record Date will be mailed copies of the Prospectus, as supplemented.

LPC INTERNATIONAL FINANCE N.V. De Ruyterkade 62

Curacao, Netherlands Antilles

Dated: June 14, 1985



#### Viking Resources International N.V.

Curação, Netherlands Antilies

In the Annual General Meeting of Shareholders held on 14th June, 1985 a cash dividend of US\$ 0.92 per ordinary share was declared payable as from 24th June, 1985 on the ordinary shares against delivery of dividend coupon nr. 13 with

Pierson, Heldring & Pierson N.V. Herengracht 214

#### CONTRACTS

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#### £8.3m work for Douglas

Contracts worth over £8.3m have been awarded to R. M. DOUGLAS CONSTRUCTION. Work has started on a film contract to re-roof a major part of the Coventry works for Jaguar Cars. A 40-week contract worth almost £1.2m is for 10 advanced tech-nology units at the University of Warwick Science Park. At Stockton a 25-week contract is valued at £690,000 for Benson Kayley, to build Securicor parcel units at Gateshead. In South Wales, contracts valued at £670,000 for Rockwool at Penson of the Securical Penson of the Securical Penson of the Securical Penson of the Security Pens coed for a factory extension; £318,000 for advanced factory E318,000 for advanced factory units at Rasseu and Kenfig for the Welsh Development Agency; and £1.25m for the Barry Leisure Centre for South Glamorgan County Council. In London and the Stuth East, over £1.5m contents the state of the Stuth East (Stuth East (Stuth East (Stuth East ( tracts have been won including the structural frame of an office block for Marple Ridgway Pro-perties; two research labora-tories at Brunel University Science Park for £833,000; and fitting out a DIY store in Reigate for Texas Homecare for £529,000 na seven-week contract.

R. M. Douglas states that these contracts form only a part of \$13.4m construction turnover acquired since March. Clients have refused publicity on the other awards.

A £4.6m contract has been awarded to FAIRCLOUGH SCOTLAND by Strathclyde Regional Council for the construction of sewerage works at Stevenston in Ayrshire. The Slevenston in Ayrshire. The walks form part of phase two of the Garnock Valley sewer scheme. They will provide screening and grit removal facilities prior to effluent being discharged through twin 1 kmlong outfall pipes to the sea. Work, generally in reinforced concrete, includes an inlet pumping station containing four largeing station containing four large diameter screw pumps, an outfall pumping station of the dry-well/ wet-well type, coarse and fine screens, detritors, and all associated chambers, channels, pipe-work and access roads. Com-pletion of the project is planned for early 1987.

#### £16m projects won by **Tarmac Construction**

A major refurbishment project is included in contracts, together worth about £18m, awarded to TARMAC CONSTRUCTION. The largest, at nearly £2.7m, is for the structural refurbishment and fitting out of the largest and fitting out of the latest phase of the Albert Dock development at Liverpool. Tarmac Cubitts, part of Tarmac Construction, is carrying out the project for Arrowcroft. Work is scheduled for completion in 18 months. Other Tarmac Cubitts con-

tracts comprise new university buildings at Currie, near Edinburgh, for Heriot-Walt University (£2.2m); refurbishing a cell block at Walton Prison, Liverpool, for the Home Office (£1.5m); and a fire station at Springburn, Glasgow, for Strath-clyde Regional Council (fim).

Tarmac Cubitts projects also include converting a factory into a distribution warehouse at Bromborough, Wirral, for the Co-operative Wholesale Society (£938,000); shop units at Lancaster, for Pengap Securities (Evesham) (£628,000); a supermarket at Crosshands, Dyfed, for Kwiksave Discount Group (£575,000); demolition and re-(£575,000); demolition and re-building a stop at Wigan, for Nottingham Smith's Book Shop (£450,000); a (£400.000).

new day centre at Kingsbridge, Devon, for Plymouth Health tending and refurbishing premises at Harrow, Middlesex, for Lloyd's Bank (£341,000). Authority (£389.000); and ex

Contracts have also been awarded to Tarmac Construction's contract housing organisa and repairs to 105 homes at Wincobank, Sheffield, for Sheffield City Council (£1.2m); modernishing 139 homes at Ravenschiffe (£1.1m) and 101 homes at Canterbury Estate (£988,000), both for Bradford City Council; external repairs, alterations and lendesoning at alterations and landscaping at flats at St Peter's Estate, Leicester, for Leicester City Council (£432,000); and modernising and repairing 34 homes at Roe Farm, Derby, for Derby City Council (£315,000).

Other Tarmac Construction tensions and external works to premises at Cambridge, for the Natural Environment Research Council (£1m): and carriageway and footpath improvements in Market Square, Nottingham, for Nottingham City Council

#### £8m awards for Miller Buckley

MILLER BUCKLEY GROUP has been awarded contracts worth over £8m. In London Miller Buckley Parnell has won a £2.4m all services, are included.

Miller Buckley Parnell has also won a £2m plus contract from Brixton Estate for two office huidings. They will form the first phase of an office park development at Regent's Park Road, Finchley. Work has already started on site and completion is due next summer.

pletion is due next summer.
Miller Buckley Parnell is to
start work shortly on the
Plaistow police station in Barking Road. The contract, worth An access road to Salalah village, Abu Dhabi, is to be built by one of GEORGE WIMPEY'S

associated companies, Al Wimpey associated companies, Al Wimpey
Road & Construction (Abu
Dhabi) for the Al Ain Municipality on behalf of the Government of Abu Dhabi. Working
between June and October, Al
Wimpey Roads & Construction
will build about 5.5 km (3.4
miles) of twolane access read MYTON has started work on a miles) of two-lane access road 2234,000 contract awarded by and associated parking areas Charles Stanley and Co to plus a reinferced concrete culrefurbish offices in Finsbury vert. Contract value is in vert. Contract value is in excess of £2m.

projects include alterations, ex-tensions and external works to

nearly £2m, has been awarded by the Metropolitan Police ar construction starts early July. over £8m. In London, Miller Buckley Parnell has won a £2.4m contract for the National Westminster Bank at Acton. Work involves construction of a mezzanine floor for offices and complete refurbishment to an existing building. Structural bishment of kitchen and office alterations to the building alterations to the building alterations to the building alterations to the building alterations to the building areas. Drinks and grille bars to tether with installation of a will be formed in the lounge area together with a self-service all services, are included.

Miller Buckley Parnell has A contract has been placed by Bass North for construction of

a public house at Billingham.
The total floor area is 635 so
metres and completion is due
at the end of the year. Lloyd's
Bank has placed an order for
alterations to provide new premisse at Bedeer. Work involves mises at Redcar. Work involves fitting out the ground and first floors, and partition walls to provide a general banking hall together with associated offices.

WILTSHIER CONSTRUCTION, London-based operating company in the John E. Wiltshier Group, has won a tender from the Property Services Agency worth £1.9m. Work will be on the former Post Office Savings Bank building in Blythe Road,

A £1.5m contract for extending the Runnymede Hotel in Egham has been awarded to FAIR-CLOUGH BUILDING. Work has started on the 43-week project of broker-generated business. for Associated Leisure Hotels. The other main objective is

### **INSURANCE**

### Continental sets fresh goals as underwriting recovery continues

BY JOHN MOORE, CITY CORRESPONDENT

ance underwriting cycle than a shorter life. they have been for some time. Delegates at the Association of Analysts annual conference heard that the underwriting recovery was more pronounced than it had been six or nine

months ago. Mr John Mascotte, chairman and chief executive officer of the Continental Corporation, one of the largest insurers in the U.S., said insurance rates were moving "closer to adequacy. They have gone up sharply in some lines."

He reckoned that price increases in commercial lines of insurance were showing 20 per cent rises, excluding work-place compensation insurance, while other classes of business were showing rises of between

50 and 60 per cent.

In the first quarter of its current financial year, ending next March, Continental was still showing the effects of the downturn in the underwriting cycle. Property and casualty insurance operations suffered an adjusted underwriting loss of \$97m (£77m), compared with a loss of \$82m for the same quarter of 1984. Catastrophe losses first quarter were up \$3.2m to

\$13.2m from \$10m for the second period in 1984. Reinsurance reported a pretax operating loss of \$9m .com pared with a pre-tax loss of \$3m. While reinsurance experi-enced substantial rate incrases in the 1985 renewal season, price weakness in 1983 and 1984 reinsurance contracts depressed first quarter earnings. Mr Mascotte stressed that his

group would not be chasing market share while underwriting trends were improving In April Continental raised \$191m of capital through the sale of or shares.

Mr Mascotte said this exercise did not mark the start of a new competitive phase. "We

are not raising a lot more poker chips so we can get back to hte table," he said: "This is a genuine attempt to improve our balance sheet."

The group aims to develop a more sophisticated distribu-tion network through a range of financial groups. It also intends to seek a bigger share

U.S. INSURERS in London last to shift away from insurance week were more optimistic risks where claims take years banks will play a greater role to arise in favour of risks with in the marketing of insurance

This means Continental is taking on less liability insurance, asbestosis risks, and other liability business. It is moving towards risks with more contained exposures such as motor and personal insurance.

The group is also seeking to integrate its investment strategy and portiolio operations with the business of underwriting. Underwriting decisions on pricing are taken after making assumptions for the type of re-turn which can be made on the premiums once the funds are

Mascotte feels that there is an improvement which in turn is supporting the price rises on the direct insurance side.

to arise in favour of risks with in the marketing of insurance a shorter life.

Services. But it is concerned that they may advance from a distributory to an underwriting

> Mr Mascotte believes it will be necessary to ensure that banks do not exert investment leverage on their customers to gain insurance sales. "It is necessary that bank deregu-lation in the U.S. evolves in such a way as to ensure that banking functions remain separate from insurance underwriting activities, so that the purchase of one does not depend on the other.".

Continental would, however, market through banks if this On the reinsurance side. Mr fitted into its strategy. But the fascotte feels that there is an banks would have had to have mprovement which in turn is had "properly segmented the upporting the price rises on market to identify a potentially profitable customer base."

#### BASE LENDING RATES

ABN. Bank 121% Hill Samuel 5121% Allied Irish Bank 121% C. Hoare & Co. 121% Hongkong & Shanghai 121% Henry Ausbacher 121% Johnson Matthey Bkrs. 13% Associates Cap. Corp. 13% Knowsley & Co. Ltd... 13% Lloyds Bank 121% Edward Manson & Co. 134% Edward Manson & Co. 134% Edward Manson & Co. 134% Rights 13% Rights 121% Edward Manson & Co. 134% Rights 13% Rights 121% Rights 121% Rights 13% Rights 121% Righ Banco de Bilbao ..... 121% Bank Hapoalim ...... 121% Bank Hapoalim 12½%
BCCI 12½%
Bank of Ireland 12½%
Bank of Cyprus 12½%
Bank of India 12½%
Bank of Scotland 12½%
Banque Belge Ltd. 12½%
Barclays Bank 12½%
Beneficial Trust Ltd. 13½%
Brit. Bank of Mid. East 12½%

Brit Bank of Bit 122 7 121 7 1

Hambros Bank ...... 121% See Provincial Trust Ltd., Heritable & Gen. Trust 121% 5 Demand deposits 94%.

Morgan Grenfell ...... Mount-Credit Corp. Ltd. National Bk. of Kuwait 121% National Girobank ... 121% National Westminster 121% Northern Bank Ltd.... Norwich Gen. Trust... People's Trust ...... 13 Provincial Trust Ltd.... 13 R. Raphael & Sons ... 121 

J. Henry Schroder Wagg 1219 Standard Chartered ... 1219 TCB 1249 Trustee Savings Bank 1249 United Bank of Kuwait 124% United Mizrahi Bank... 124% Westpac Banking Corp. 121% Whiteaway Laidlaw ... 13 9

Williams & Glyn's ... 124% Yorkshire Bank ...... 124% Members of the Accepting Houses
Committee

7 day deposits 9½%, 7 month 10½%. Top Tier—£2,500+ at 3 monthly notice 12½%. At call when £10,000+ remains deposited. 

### Company Notices



US \$ 100,000,000 Floating Rate Notes due 1989

June 14, 1985 to December 16, 1985 the Notes will carry an interest rate of 91% per annum

> As a consequence, the coupon pertaining to this interest period will be U.S.5488.19

> > The Mitsui Bank, Limited

Fiscal Agent

#### US\$100,000,000

SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS 123% Guaranteed Notes due 1992 with detachable warrants to purchase US\$100,000,000

121% Guaranteed Notes due 1992 NOTICE OF PARTIAL REDEMPTION

NOTICE IS HEREBY GIVEN that persuant to the facal agency agreement dated as of December 13th 1984 between Societo Nationale des Chemins de Fer Francais and Banque Nationale de Paris (Luxembourd) S.A. the following notes in the principal amount of US\$11.000.000 have been drawn by lot and are due for redemption at 101 ½ on July 17th 1985 at the offices of the paying

	אנחר עם אל נמג אשו		
seems solether A	ith accrued interest t	hereon to said redem	ption date.
000658-000793	001069-001204	002191-002326	003289-003424
004723-004858	005168-005303	006705-006840	997473-997608
008319-008454	009197-009332	010101-010236	011233-011368
012864-012999	013414-013549	014760-014895	015001-015041
015960-016000	015008-015143	017836-017971	018844-018979
019598-019733	020833-020968	021001-021081	021946-022000
022621-022756	023864-023799	024338-024473	025767-025906
025403-026542	027136-027272	028510-028649	029431-029570
010042-030181	031855-031994	032572-032711	033414-033553
034736-034875	035283-035422	036042-036181	037213-037352
038228-038367	039231-039370	100188-100278	101414-101504
102644-102735	103104-103195	104606-104697	105330-105421



Following the DIVIDEND DECLARATION by the Company on 11 April 1985, NOTICE is now given that the following DISTRIBUTION will become payable on or after 17 June 1985.

Gross Distribution per Unit Less 15% U.S.A. Withholding Tax

2.550 cents =£0.019844358

Claims should be lodged with the DEPOSITARY; National Westminster Bank PLC, Stock Office Services, 20 Old Broad Street, London EC2, on special forms obtainable from that Office. United Kingdom Banks and Members of The Stock Exchange should mark payment of the dividend in the appropriate square on the back of the certificate.

All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank PLC. Postal applications cannot be accepted. 11 June 1985

ELECTRICITE DE FRANCE

PIONEER ELECTRONIC CORPORATION

PIERSON, HELDRING

### CIVIL PARTNERSHIP OF THE OWNERS OF BONDS

The ordinary general meeting of the owners of Bonds "Compagnia Gervais-Danone" Became "SN" 5% 1972-1987 of Fr5.000 has deliberated validly on 5 June 1985.

SELECTED RISK INVESTMENTS S.A. at the rate of 30 per cert unless claims | TH
set accompanied by an addawit.

SELECTED RISK INVESTMENTS S.A. | 17th June, 1985

Money Market Cheave Account Jersey 12.05 12.74

#### REPUBLIC OF DJIBOUTI

Ministry of Agriculture and Rural Development
Abattoir and Feed Mill

The Government of Dilbouti intends to invite tenders from General Contractors for the construction of an abattoir with a capacity of 100 head of cattle and 1.200 sheep and goats per day, and a mill for cettle and poultry feed with a capacity of 10,000 tonnes per year. All capacities are

Le Service d'Élevage et des Péches BP 297, Djibouti République de Djibouti

The Bank of Tokyo Ltd., are instructed by the Japanese, Coverement that the Ollifon's due 50th June 1985, No. 3 will be paid on and after 1st July 1985. They should be presented for payment at The Bank of Tokyo Ltd., 2012s declarable for the payment at The Bank of Tokyo Ltd., 2012s declarable forms provided between the hours of 10 June 1985. They must be left at least eve clear days for examination prior to payment.

Coppoint Caunot be accepted through the post.

**SAME OF SCOTLAND** 

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### Contracts & Tenders

The prequalification documents shall be in French with a summary in English and shall include company profile and selected references from similar works executed by the General Contractor as well as by principal subcontractors. The C.V. of the sits manager(s) who could be assigned to the site in Dijbouti shall be included.

Only contractors possessing experience in similar works accomplished in developing countries will be considered.

The tender documents will be insued in November 1995 and the tender opening is planned to take place during January 1996. It would be appreciated if the contractors would indicate their intention to submit prequalification documents by telex (59 938 rambar dk) before June 28, 1965.

The deadline for acceptance of the prequalification documents in Dijbouti will be August 1, 1965.

#### CENTRAL AFRICAN REPUBLIC Invitation to Prequalify

Contractors interested in being prequalified for the BANGUI M'POKO AIRPORT project, should obtain against payment of 50,000 FCFA to M LE HAUT COMMISSAIRE CHARGE DU PLAN ET DE LA COOPERATION ECONOMIQUE ET FINANCIERE from the address given below the "prequalification form" and submit it, according to the instructions accompanying the form, BEFORE AUGUST 3, 1985. The project basically involves civil works related to the strengthening and resurfacing of the cruwary (2600m x 45m), taxiway (320m x 22m), and the apron (350m x 90m), and is expected to be partially funded from the loans granted by the Saudi Fund for Development (5FD), the Arab Bank for Economic Development in Africa (BADEA), and the Opec-fund.

LE HAUT COMMISSAIRE AU PLAN ET A LA COOPERATION ECONOMIQUE ET FINANCIERE B.P. 696 - BANGUI REP. CENTRAFRICAINE

TLX NO. 5208 RC

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riments with magnificent views of Lake Geneva and mountains,

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Tel: (21) 22 35 12 - Telex: 25185 MELIS

ESTABLISHED SINCE 1970

# FRENCH KIE

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At French Kier we have earned a reputation, built up over a century, for skilled civil engineering work. It is very much a continuing story. From airports to harbours, from tunnelling to opencast coal mining, the skills and expertise of French Kier Construction cover the full spectrum

of civil engineering.

Here in the UK, clients can gain the

full benefits of the Company's unrivalled experience both on national and regional projects, backed by a wide range of specialist skills. Both in construction and design, French Kier offers a truly comprehensive range of experience and expertise to tackle anything from marine engineering to underground power stations. Our clients call it professionalism.

We call it French Kier

The civil engineering skills of French Kier Construction represent just one facet of the Company's many activities. It has an established reputation in major building contracts and refurbishment, construction management and property development.

For further information concerning all the services which French Kier provide,

please contact: Dick Allen, Managing Director, French Kier Construction Limited, Tempsford Hall, Sandy, Bedfordshire, SG19 2BD. Tel: Biggleswade (0767) 40111.



**JENDS** 

ARTS

### WORLD STOCK MARKETS

OVER-THE-COUNTER Nasdaq national market, closing prices June 14	CANADA	AUSTRIA	NETHERLANDS	AUSTRALIA
Series of the control	TORONTO  Closing prices June 14  4418 Abit Proc \$18P_1 189_1 189_1 191_1	DENIMARK	1985	2.5 1.88 Aust. Cors. Ind 143 3.4 2.55 Aust. Guarantee: 2.35 3.0 2.35 Aust. Nat. Inds. 2.38 2.9 2.4 APM 2.7 7.36 4.7 Bell Group 6.8 7.5 4.25 Bell Res 6.5 1.6 1.16 Bond Corp hidgs 1.2 3.48 3.16 Berat 3.22 2.49 1.51 Bouganville. 1.97
Danish companies?"	MONTREAL Closing prices June 14	1985 June 14 Price High : Low Lire 21,700 16,400 Banca Com'le : 21,600 276 165 Bastogi IRBS 225 3,880 3,350 Bi Invest Risp 3,839 5,630 2,169 Centrale 3,520	165 143 Nippon Steel   165 173 325 Nippon Sulsan 363 12,900 9,360 NTV	Get your News early
Aktivbanken, American Express Bank A/S, Andelsbanken, Andelssmer a.m.b.a., Bank of America, Baltica-Nordisk RE, Benzon & Benzon, Burmeister & Wain Skibsvanft A/S, Burmeister & Wain Scandinavian Contractor A/S, Bersinforma-	32282 Bank Mont \$29\cong 29\cong 29\cong + \cong 1 100 Cil. \$30\cong 30\cong 30\cong - \cong 1 900 ConBath \$16\cong 15\cong 16\cong 10\cong 1 568 DomTxtA \$10\cong 10\cong 10\cong 1 1100 Mnffrst \$15\cong 15\cong 15\cong 15\cong 1 20\cong 12\cong 12\cong 1 12\cong 12\cong 12\cong 12\cong 1 12\cong 12\	4,560 3,875 Credito Varesino 4,250 5,430 2,065 Flat	665 602 Nissan Motor 625 548 452 Nisshin Flour 530 184 156 Nisshin Steel 174 1,320 885 Nomura. 1,160 1,430 1,060 Olympus. 1,170 5,540 2,690 Orient Leasing. 5,150 3,270 1,690 Ploneer 731 602 Renown. 731	in This call out
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please contact Mr. Ejvind Pedersen in Copenhagen:  01-13 44 41	9,180 7,620 Kredietbank	1,545 1,290 Oer-Buchne 1,545 350 254 Pirelli 358 350 7,000 Sandoz 8r 8,300 1,430 1,140 Sandoz 9r Cts 1,380 650 630 Schnoller PCCts 1,350 1,670 1,000 Sika 1,350 4,630 3,785 Surveillance 4,560 1,205 1,048 Swissalr 1,190 412 355 Swiss Bonk 408 12,450 8,375 Swiss Reinsee 11,700	503 426 Toray 467 435 355 Toshiba Elect 360 756 625 TOTO 745 1,080 807 Toyo Selkan 1,050 1,380 1,190 Toyota Motor 1,240 3,440 1,650 Victor 710 677 Waccal 710	Televa 4 16 193

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#### AMEX COMPOSITE CLOSING PRICES ### 1985 | 1986 | 1986 | 1987 | 1986 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 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184 85 31 75 104 155 9-10 25 414 110 414 110 414 110 414 29 93, 1512 478 1319 3353 10 774 28% 9% 16% 473 12% 33% 9% 33% 7 OVER-THE-COUNTER Sales | High | Sales | High | Sales | Sales | High | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | Sales | S ADL TI AELS AFG ASK AsmRt Acadin Acarina Acarina Acarina Acarina Acarina Acarina Acarina Acarina Acarina Acarina Acarina Acarina Acarina Acarina Alish Algorex Alush Algorex Alush Algorex Alush Algorex Alush Algorex Allorex Algorex 1.220 616675-51563667-1588578513888858838845845188856-386755 .76 1 1.04 L 1 96 .40 1 .855 .88 05e .40 .84 40b .80 .40 .1.80 .1.60 .56 .80 .1.10 .1.60 .1.12 .48 .20 .80 .07 .96 .07 .96 .07 .60 1 .80 .58 .40 812 4514 38 10212 2 3274 774 313 1114 4514 1778 814 1778 814 814 814 814 814 814 RBIND .044 RCA pl 3.50 RCA pl .72 .40 501<sub>2</sub> 513<sub>4</sub> 117<sub>8</sub> 28 61 COTTC SET COMPANY CONTROL CONT MINW IS AND MAN IN MAN Fortness Fortness Fortness Fortness Fortness Fortness Fortness Fortness Fortness Fortness Fortness Fortness Fortness Galailea Garnets Habor 123g 7912 215g 1814 77s 4012 38 140 123g 8814 1714 153g 153g 153g 2 36% 16% 14% 374 23% 43% 90% 43% 776 22% 11% 39% 27% 717 22; 1457 754, 87 1912 541 17 66 558 716 404, 14 374, 304 101, 360 48 4 9912 402 45 685 758 678 3658 578 3658 334 451, 11 1512 72 19 8 1538 3052 6158 3053 6158 325 3574 755 384 38 45 75 74 155 AROSIOCO SALANDA AROSIO 27591165 38475 38475 38445 384 Washes 50 Washes 60 Washes នីក្រុម នៅក្នុង មាន នៅក្នុង នៅក្នុ 342 (1) 17 5513 (1) 5212 (1) 5 373018 473669 2 73669 .14 .80 .44 .94 .10 .34 1.60 -28 .15 .10 .68 .03 .70j .56 1.20 .05e 1.68 1 30 .01 .16 .48 .20 .20 1.20 .20 .20 .88 .20e .32 .24 .56 .18 X Y 3 6.1 20 p15.45 10. p1.32 4.5 8 8 84 7.8 21 8 48 9 17 E 8 8 32 1.8 15 1.32 3.8 12 Z 2574 4915 441 537, 15 291, 930 54 1870 20 68 1814 364 343, 487a 5374 2914 1074 535a 20 1874 3474 48% 58% 29% 10% 52% 19% 18 34%

### **WORLD VALUE OF THE DOLLAR**

every Friday in the Financial Times

#### TO THE HOLDERS OF LPC INTERNATIONAL FINANCE N.V. 8% CONVERTIBLE SUBORDINATED **GUARANTEED DEBENTURES DUE 1989**

NOTICE OF DECLARATION OF DISTRIBUTION TO HOLDERS OF COMMON STOCK

NOTICE IS HEREBY GIVEN by LPC INTERNATIONAL FI-NANCE N.V. (the "Company"), pursuant to sections 1104F and 1106 of the Indenture dated as of June 15, 1979 (the "Indenture"), among the Company, Lear Petroleum Corporation, as Guarantor (the "Guarantor"), and Citibank, N.A., as Trustee, under which the above captioned Debentures were issued, that (i) the Guarantor will make a distribution on August 15, 1985 to holders of the Guarantor's Common Stock, \$0.10 par value, of Depositary Units ("Units") representing limited partnership interests in Lear Petroleum Partners, L.P. a limited partnership (the "Partnership"), on the basis of one Unit for each 40 shares of the Guarantor's Common Stock held of record at the close of business on June 28, 1985 (the "Record Date"), and (ii) as a result of that distribution, the adjusted conversion rate for each Debenture after the Record Date will be 46.7047 shares for each \$1,000 principal amount of Debentures (equivalent to a conversion price of approximately \$21.41 per share of Lear Common Stock). The Partnership has filed with the United States Securities and Exchange Commission a Registration Statement covering this distribution, which Registration Statement has become effective. The distribution of the Units does not represent new financing or refunding and is being made by the Guarantor as a security holder of the Partnership. Persons who are not United States citizens are inelicible to be holders of record of the Units and will acquire no rights in the Units other than the right to resell the Units to a United States citizen.

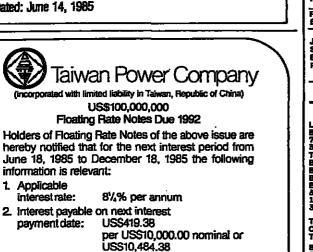
A written Prospectus, as supplemented, meeting the requirements of Section 10 of the United States Securities Act of 1933, as amended, may be obtained from Lear Petroleum Partners, L.P., 950 One Energy Square, 4925 Greenville Avenue, Dallas, Texas 75206, Attention: Mr. H. Monroe Helm, III. Holders of record of the Guarantor's Common Stock on the Record Date will be mailed copies of the Prospectus, as supplemented.

LPC INTERNATIONAL FINANCE N.V. De Ruyterkade 62 Curação, Netherlands Antilles

Dated: June 14, 1985

3. Next interest payment date:

June 14, 1985



per US\$250,000.00 nominal

**BAAsiaLimited** 

Reference Agent

December 18, 1985

### CURRENCIES, MONEY and CAPITAL MARKETS

#### **FINANCIAL FUTURES** FOREIGN EXCHANGES LONDON Close High Low 78-04 78-25 78-14 78-02 78-16 77-07 77-02 lume 2,511 (3,874) THREE-MONTH EURODOLLAR Sim points of 100% Sept 92.24 92.29 91.93 91.92 Dec 91.74 91.75 91.49 91.42 March 91.30 91.34 91.05 90.99 June 90.92 90.93 90.70 90.92 Sept 90.59 90.37 90.36 90.31 Est. Volume 8.275 (8.003) Previous day's open it. 16.636 (16.908) **CHICAGO** THREE-MONTH STERLING 2500,000 points of 100% Cless High 79-11 79-20 78-09 78-17 77-08 77-16 78-10 76-16 75-14 75-18 74-20 74-23 73-26 74-02 73-05 73-07 72-16 0 June Sept Dec 20-YEAR 12% NOTIONAL GILT 050,000 32nds of 100% 71-09 | 10 32nds of 100% | Close | High | Low | Prev | 106-19 | 106-20 | 106-00 | 106-06 | 110-18 | 110-20 | 110-03 | 110-04 | 110-28 | | 110-20 | | 110-04 | 110-20 | | 110-04 | 110-20 | | 110-04 | 110-20 | | 110-04 | | 110-02 | | 110-04 | | 110-02 | | 110-04 | | 110-03 | | 110-04 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 | | 110-03 U.S. TREASURY BILLS (IMMA) Close High 33.17 93.19 92.80 92.82 92.85 92.46 82.13 92.13 91.86 91.85 91.40 91.40 91.40 91.40 92.96 92.98 92.98 92.24 91.87 91.77 91.57 Close High Sept 0.3266 0.3300 Dec 0.3306 — Est. Volume 44 (20) SWISS ERATOR SWEW 125 000 STERLING (IMM) Se per E AMESE YEN Y12.5m \$ per Y100 Sept Close High Low Prev O.4038 — 0.4018 Volume Wil (Mil) ous day's open int, 257 (257) GNMA 1.2420 12.500 Close High Low 76-23 76-34 76-18 76-03 76-06 75-22 75-12 76-18 75-06 Close High Low Prev 128.15 128.15 127.50 128.75 128.80 128.60 128.00 129.05 Volume 551 (767) lous day's open int. 1,861 (1,768) 74-11 73-31 74-11 73-31

WEEKLY CHANGE IN WORLD INTEREST RATES							
	June 14	!  change		June 14	change		
LONDON Base rates	124	Unch'd	NEW YORK Prime rates	10	Unch'd		
7 day Interbank	121-	-4	Federal funds	7.4			
3mth interbank	12/3	<del></del>	5 Mth. Treasury Bills	6.71	<b>□0.41</b>		
Treasury Bill Tender	11.8224 123a	I0.0256	6 Mth. Treasury Bills 3 Mth. C D		-0.36		
Band 1 Bills Band 2 Bills	124	Unch' d		7,50	+0.20		
Band & Bills	124	Unch 'd	FRANKFURT		l		
Band 4 Bills	12 -	Unch' d	1 Lombard	6.0	Unch'd		
& Mth. Treasury Bills	1178	Unoh' d	One Mth. Interbank	5.55	Unch'd		
1 With, Benk Bills 3 With, Benk Bills	1124	inucu. a	Three month	5.525	Unch'd		
o mini. Ogrik bilis	<del>-</del>	_ ·	PARIS	•	l		
TOKYO	6.21875		Intervention Rate	101g	Unch'd		
One month Bills	6.28125	linch' d	One Mth. Interbank Three month	(124	Unch'd		
Three month Bills	0.2022	1		10/3	Upoh'd		
BRUSSELS	878	   Inabt d	MILAN One month		!		
One month Three month	87a		Three month	14/2			
	{	1 -		1-018			
AMSTERDAM One month	g iz		DUBLIN One month	: :123L	+1a		
Three month	6 <del>13</del>	<u> —t</u>	Three month	121	+4		
	, -,,,		·				
London-band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days,							

band 2 bills 34 to 55 days and band 4 bills 64 to 91 days. Rates quoted raph sent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

### All eyes on this week's GNP

BY JONAS CROSLAND

The deliar's mysterious affair the week had a two-fold effect with a whole range of U.S. on trading. First, traders have now been sharply focused last week to the point where a day's U.S. retail sales figures, a case could be made to push the deliar in either direction. This is probably why on balance, the the best of times. Second, and is probably why on balance, the the best of times. Second, and is probably why on balance, the the best of times, attention switched to the daily gyrations of an economic upturn in short-term Federal funds level for much of the time as rates. This vain attempt to What is likely to interest the the discount rate, the dollar Ultimately it was conceded spent most of the week trading between DM 3.08 and DM 3.10. In economic statistics released at

level for much of the time as rates. This vain attempt to a week before. Discounting establish some idea on how the Friday's late dip on rumours Federal authorities are thinking rate levels and the Fed's mone-tary stance, as far as it is known, concerning President Reagan's only succeeded in clouding the health, and hopes of a cut in issue still more. are compatible with what many predict as a more modest rate of

The absence of any clear the end of the week was really trend during the early part of something of a sideshow, under-

#### POUND SPOT-FORWARD AGAINST POUND

	Day's			7-	Three	%
une 14	spread	Close	One month	p.e.	months	p.s.
.S.	1.2540-1.2540	1.2805-1.2815	0.51-0.48c pm		1.47-1.42pm	4,51
aneda	1.7337-1.7547	1.7516-1.7545	0.41-0.32c pm	2.50	1.22-1.08pm	2.62
ethind.	4.383-4.423	4,402-4,412	24-14c pm	5,44	5°2-60m	5.56
dium	78.76-78.15	78.85-78.95	27-21c pm	3.65	75-65pm	3,55
anmark			31-21-ore pm		87-7-cm	2,22
elend	1,2489-1,2516	1.2484-1.2494	0.08p pm-0.09dis		0.34pm09d	-0.40
Ger.	3.90%-3.93	3.90%-3.91%	21-21-of pm		64-6'som	8.6
ntugal	2203-2253-	227 - 225 -				-17.20
nage. Sein	222-223	2224-2234	35-80c dis		180-205dis	-3.27
aly	2.496-2.507	24915-24925	per-3 fire dis		5-10dis	-7.20
	11.19-11.313	11.28-11.27-	zore pm-2 dis		par-'edis	-0.76
Orway	11.88 - 11.95%	11.92-11.93	23-13c pm		65-5-pm	1.96
ance			37-43-ore dis		10%-115dis	-3.57
weden	11,273-11,353				4.75-4.65cm	5.90
pen	3157-3217	318-319	1.70-1.60y pm			5.5
ustria	27.38-27.77	27.66-27.77	14 <del>1, 131,gro</del> pm		38, -36, bur	
witz.	3.274-3.314	3.281-3.291-	2-17c pm	7.07	64-64ba	6.99

Six-month forward dollar 2.60-2.55c pm, 12-month 4.10-3.95c pm.

#### OTHER CURRENCIES

				£
June 14	£		<u> </u>	Note Rates
Argentina Peso			Austria	27,40-27,70
Lustralia Dollar.	1.9140-1.9180	1.4985-1.5010	Belgium	78,90-79,70
Brazif Cruzelro	7.263-7.295	5.690-8.710	Denmark	15.98-14.12
Teland Markita.		6.8860-6.3880	France	11.88-12.00
Breek Drachma.		155,53-138,17	Germany	5,90-3,94
long Kong Dollar	9.9130-9.9230	7.7698-7.7715	Halv	2480-2515
ran Riai	119.05		Japan	315-319
(uwaitDinar(KD)				4.39-4.843
uxembourg Fr			Norway	11.20-11.32
dalaysia Dollar		2.4640.2.4670	Portugal	215-230
lew Zealand Dir.		2 1995 2 2045	Spain	215-225
audi Arab Rival		3 6488-3 6506	Sweden	11.25 11.36
ingepore Dollar		2 2190.2 2220	Switzerland	
th African Rand	2 5085.2 5260		United States	
LAE Dirham	4 6873 4 6922	5 5720 3 5730	Yugoslavia	335-356
	ALDE I D. MINAS			
		* Selling rate.		

#### **EMS EUROPEAN CURRENCY UNIT RATES**

	Ecu central rates	Currency amounts against Ecu June 14	% change from central rate	% change adjusted for divergence	Divergence
Belgian franc	44.9008	45.2112	+0.69	+0.75	±1.5471
Danish krone	8.14104	8.06098	0.98	0.92	±1.6419
German D-mark.	2.24184	2.24578	+0.18	+0.24	±1.1475
French franc	6.8 4 36	6.84684	-0.40	-0.34	±1.3689
Dutch guilder	2,52595	2.53061	+0.18	+0.24	<b>±1.5171</b>
irish punt	0.72568	6.717539	-1.12	-1.06	±1.8673
itsiian iira	1403.49	1428.80	+1.80	÷1.89	±4.0410
Change	ere for	Ecu, therefore	positive ch	ange dénotes	

week currency. Adjustment calculated by Financial Times.

What is likely to interest the market most at the moment how-ever is whether current interest

8.30 am ..... 79.5 9.00 am ..... 79.4 16.00 am ..... 79.5 11.00 am ..... 79.8 79.3 79.3 79.2 79.4 79.4 79.4 78.4 79.7 79.8 79.7 £ IN NEW YORK

STERLING INDEX

June 14: Previous

June 14 Prev. plose £ Spot | \$1,266-1.25551.256-1.579 | 1 month | 0.51.0.48 pm|0.51.0.50 pm 1.45-1.45 pm 12 months | 1.43-1.40 pm|1.45-1.45 pm

### FORWARD RATES AGAINST STERLING 6-month 1,2563 3,7927 11,9158 3,1781 300.8

#### BANK OF ENGLAND TREASURY BILL TENDER June 14 June 7 June 14 | June 7 £100m £100 m Bills on offer..... Total of 11,8725 £469 £100m ed bld... £97,05% £97.04

#### DOLLAR SPOT-FORWARD AGAINST DOLLAR

92%

lune 14	Day's spread	Cless	One month		Three months	X
JKt	1,2840-1,2840	1,2805-1,2815	0.51-0.48c pm		1.47-1.42pm	
relandt	1.0120-1.0265	1.0235-1.0250	0.45-0.35c pm		1.20-0.90pm	4.18
anada	1.3680-1.3705	1.3880-1.3890	0.23-0.28c dis	-2.15	0.53-0.60dts	-1.91
lathind.	3,4300-3,4865	3,4430-3,4440	0.22-0.19e pm	0.71	0.90-0.86pm	1.21
leigium.	61.55-62.39	61.55-61.65	47-57-c dis	0.96	15-17dle	-7.03
enmerk	10.95-11.103	10,951-10,951	2-21-ore dis	-2.45	4°-5dis	-1,72
Y. Gar.	3.0400-3.0960	3.0580-3.0570	0.66-0.51pt per	2,08	1.74-1.68pm	2.23
ortugal	174-177	1741-176	200-500c dis	-23.90	600-1350-lie	-22.70
pein	174-176	174175-	100-115c dis	-7.37	315-335dia	-7.42
taly	1,942-1,985	1,943-1,944	9-9'- lire dis	5.67	29 - 29dis	-5.85
lorway	8.77-8.89	8.814-8.814	3%-3% ore dis	-4.76	70%-70%dla	-474
rance	9.30 - 9.43	9.304-9.314	1.92-2.02c dis	-2.53	6.05-6.35dla	-2.65
weden	8.85 , 8.92 ,	8.861-8.867	6's-6'sore dis	-8.78	19-19 <sup>1</sup> -dia	-10
apan	248.05-248.75	248,65-2,4875	0.34-0.30y pm		0.95-0.90pm	1.40
ustria	21.433-21.734	21,50-21,60	23-15 gro pm		6's 4'spen	1.02
witz.	2.5850-2.6080	2.5770-2.5780	0.53-0.47c pm		1.66-1.60pm	
		re guoted in U			premiums an	
		the U.S. doils			dual currence	

Belgian rate is for convertible france. Financial franc 62.20-62.36.

#### **CURRENCY MOVEMENTS CURRENCY RATES**

June 14		Morgan Guaranty	June 14	Bank rate %	Special Drawing Rights	Europe Curren Unit
autie 14		Change %	Sterling		0.777917 0.997679	
Sterling	79.8 145.0	-9.6 +30.4	Canadian S.	9.79 41e	•	1.0002
J.S. dollar Sanadian dollar	87.7 119.2	-6.8 +2.9	Austrie Sch. Beigian Pr	94		48.211
Austrian schilling. Belgian franc	89.2 77.5	-11.2 -6.5	Danish Kr Dmark	41	3,05088	2.2467
Danish Kroner Deutsche mark	121.9	+6.8	Guilder	61g	9.35025	6.8465
wise franc	189.4 112.4	+7.6 +3.2	Yen	151g	948,921	181.63
French franc	65.0 45.4	-15.5 -16.9	Norway Kr., Span'h Pta.,	8	8,85445 174,972	128.08
Yen	156.0	1 +19.2	Swedish K Swiss Fr	11.5	8.69980 2,56653	6.4948 1.6869
Morcan Guerraty	chance	-	Greek Dr'ch	2012	136,185	99,366

\* C\$/SDR rate for June 13: 1.38156

### The Coastal Corporation

through its wholly owned subsidiary

**Colorado Interstate Corporation** 

has acquired

**American Natural Resources Company** 

The undersigned acted as financial advisor to The Coastal Corporation and as Dealer Manager for its tender offer.

**Drexel Burnham Lambert** 



### **The Coastal Corporation**

\$600,000,000

\$300,000,000 Senior Subordinated Notes due 1994

> \$200,000,000 Variable Rate Preferred Stock

\$100,000,000 **Increasing Rate Preferred Stock** 

The undersigned acted as financial advisor to The Coastal Corporation and as agent in the private placement of these securities.

**Drexel Burnham Lambert** 

#### **EXCHANGE CROSS RATES**

June 14	Pound St'rling	U.S. Dollar	Deutschem k	Ј ралезе Уег	FrenchFranc	Swiss Franc	Dutch Gulid	Hallan Ura	Canada Dollar	Bolgian Franc
Pound Starling	0,781.	1.981	3.913	818.5	11.93	3.290	4,410	2492.	1,763	78.90
U.S. Dollar		1	8,067	-: 248.7	-9:310· ~	- 2:676	- 8,444	1944.	1,568	61.60
Deutschemark	0,256	0.527	1.	81,41	5,048	0,841	1,197	635,9	0,448	20.17
Japanese Yen 1,000	8,140	4.022	12.28	1000,	57,44	10.88	13.85	7624,	5,504	247.7
French Franc 10	0,839	1.074	3,281	267.1	10.	3,759	3,698	2020.	2,470	55,15
Swiss Franc	0,304		1,189	96.81	3,625	1,	1,340	757.4	0,688	23,95
Detch Guilder	0,227	0,290	0,887	72,22	2.704	0.746	1,770	565,1	0.596	17,89
Italian Liira 1000	0,401	0,514	1,570	127.8	4,785	1,820		1000,	0.703	31,65
Canadian Dollar	0,570	0,781	2,932	181.7	6.803	1,877	2.516	1422	8,922	45.01
Belgian Franc 100	1,267	1,624	4,959	403.7	15,11	4,170	5,589	3168		100

#### **EURO-CURRENCY INTEREST RATES (Market closing rates)**

												-
June 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	italian Lira	Beigia Conv.	n Franc Fin.	Yen	Danish Krone
Short-term 7 days' notice	126 125 126 126 124 124	718-718 718-718 712-786 718-718 718-718 818-818	958 978 958-978 918-914 918-978 958-978 958-978	678-7 678-7 634-678 659-634 658-634	14 18 16-178 513 514 513-515 513-515 513-515	53g-51g 55g-51g 54g-51g 54g-51g 54g-51g 58g-53g	10 16 10 16	13-14 1319-1412 1359-1378 1312-1378 1318-1314 1314-1418	83g-85g 81g-87g 83g-9 83g-9 87g-91g 91g-93g	21g-23g 21g-23g 23g-23 23g-2 23g-21g 27g-21g	6-51g 6-6-6-6 6-6-6-4 6-6-6-6 6-6-6-6	95,-104 94,-104 10-104 95,-101 94,-10

Asian \$ (closing rates in Singapore): Short-term 75-75 per cent: seven days 75-75 per cent; one month 75-75 per cent: three months 712-713 six months 75-8 per cent: one years 95-10 per cent: four years 10-105 five years 105-107 per cent nominal. Short-term rates are call for U.S. dellars and Jpanese year; others two days' notice.

#### **MONEY MARKETS**

### **UK** rates set at current levels

is neither possible nor wise to suggest that because nothing is looming up there is unlikely to be any radical change in the cur-rent interest rate structure but money markets came as close as possible to admitting this last week.

This mood of consolidation was based on a move by Barclays and Midland to drop their base rates UK clearing banks base lending rate 12; per cent since June 12

to 121 per cent, a rate already claimed by the other two major clearing banks. This was taken as a tacit admission that the prospects of leapfrogging down to 121 per cent had now disappeared. There is certainly little evidence to cell out the little evidence to call on at the moment to make a case for a

With inflation now up to 7 per cept on an annual basis, the authorities will no doubt be very keen to ensure that a steady sterling exchange rate plays its part in controlling manufactur-

#### FT LONDON INTERBANK FIXING

(11,00 a,m, June 14 Three months U.S. dell Offer 7 13/16 bid 711/18 bld 77/8

The mood associated with summer holidays pervaded money markets last week despite some rather unpleasant weather. It is neither possible nor wise to suggest that because nothing is looming up there is unlikely to be any radical change in the current interest rate structure but money markets came as close as

#### **MONEY RATES**

June 14	Frankfurt	Paris	Zurich					
	riwinder	Paris .	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.46-5.55 6.50-6.60 6.55-5.70 8.65-6.70 9.6 6.75 6.0	1014-1014 1016-1014 1016-1014 1014-1016 1014-1016	246-256 516-514 516-514	654-678 654-678 656-654 658-654 678	6.03186 6.21875 6.28126	147 <sub>5</sub> -151 <sub>4</sub> 148 <sub>6</sub> -18 15-153 <sub>6</sub>	7,50 834-9 834-9 878-918	124-127- 125-127- 125-127- 121-125-1 124-125-1
								مسمخيسي

					1 0.8		<u> </u>	!'	<u> </u>	_ `	
ONDON	MONE	RATE	s	Di	scount	Houses	Depos	it and	Bnr	Rates	, :
June. 14 1986	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (8uy)	Treasury (Sell)	Eligible Bank (Buy)	Fligible Bank (Sell)	Trade (Buy)	
vernight days notice	=	3 12½ —	1214-121 <sub>2</sub> 1216-121 <sub>2</sub>	5-1256	6-1212	<del>-</del> -		-	(344)	-	

Local Autha Local   Finance   5 Cert   SDR   EQU   MONEY DATES										
Overnight 2 days notice 7 days or 7 days notice One month Two months Six months Nine months One year	125-125- 125-125- 125-125- 125-125- 125-125- 1217-	3 12½ 	1214-1212 1216-1212 1216 1216 1216 1216 1218 1218 —		6-121 <sub>2</sub> — 121 <sub>6</sub> -121 <sub>2</sub> 125 <sub>6</sub> 121 <sub>4</sub> 121 <sub>8</sub> —	1214 1218 1179 —	12± 12± 115;	124 124 134 113 113	194 194 1184 1184	1876 ] 1874 1874 1915 1916 ]
June. 14 1965	Gertificate of deposit	interbank	Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Fligible Sank (Sali)	Fine Trade (Buy)

	Local Auth, negotiable bonds	Authority	Finance House Deposits	5 Cert of Deposits	SDR Linked Deposits	ECU Unked Deposits
One month			125a	7.45-7.58	74.74	03.07
Two months		_		7.45-7.55	7 <del>16</del> -7 <del>18</del> 2 <del>16</del> -7 <del>18</del>	96 94 96 94
Three months.,			1919	7.5-7,6	718-718	32.57
Six months	1256-1256		1936	7.7-7.8	77g 81g	916-916 916-916
Nine months	124 1218			7.9 B.O		_1818
One year	124-19	'-	i –	8.1-8.2	8 <del>16 818</del>	97.97
Two years	-	1134	j —	1 - 1	-10 -10	-12 -12
Three years	- :	1159	) <u> </u>	· - 1	_	l · =
Four years	. –	1112	ı <b>–</b>	1 <del>-</del>	_	I =
Five years	<i>!</i> —	1148	! —	: — I	_	l <u>~</u>

ECGD Fixed Rate Export Finance IV: Average Rate of Interest partod May 8 to June 4 (Inclusive): 12.677 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from June 1, 1985. London and Scottish Glearing Bank Rates for lending 129 per cent. Bank Deposit Rates for sums at seven days' notice 6.65-6.75 per cent (net). Treasury Bills: Averge tender rate of discount 11.8224 per cent. Carrificates of Tax Deposita (Series 6): Deposits £100,000 and over held under one month 12% per cent; one-three months 12% per cent; three-six months 12% per cent; net cent; nine-12 months 12 per cent. Under £100,000 11% per cent from June 11. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

### NEW YORK (4 pm)

8.70

103 hr 106 mr 101 mr 108 mr 107 mr 108 mr

Monday June 17 185

STERLING INDO

I IN NEW YORK

REASURY BILL THE

AND AGAINST DOLL

Prime Minister David Lange and, in the background. Auckland, New Zesiand a largest city Moored on the waterfrom is the Cunard Sepain Queen Elizabeth 2 and the liner, Royal Viking Sky Picture by Glyn Gerin.

constraints and interventionism of the former

The country's new Labour Government is making an almost-revolutionary attack on the economic controls,

# New Zealand

#### MAJOR ECONOMIC AND SOCIAL CHANGES UNDER WAY

NEW ZEALANDERS are used to hard times - toconjuring a living at the bottom of the globe. For more than a decade their economy has been almost permanently in recession, so that when politicians come amongst them, declaring that the challenge of economic crisis is their greatest opportunity to remake New Zealand as New Zealand was meant to be, they ought tobe well-equipped to weigh the rhetoric.

The message from the New Zealand Labour Party Government of Mr David Lange, who won power last year, is clear and unflinching. It is that New Zealand must change: that efforts to preserve intact the New Zealand of the 1950s and 1960s are doomed.

with action.

The Prime Minister says that about's objectives are quickly.

By Michael Thempson-Reel stated-"They are the full em-ployment of all our resources, sustainable economic growth, price stability balance in our external accounts, and a fair distribution of income.

It used to be maintained—and was no doubt true—that New Zealand was a small, close-knit, prosperous community in the South Pacific enjoying high living standards, advanced welfare services, and racial harmony. As recently as 1972, a comparison of 15 social indicators in 17 countries awarded a tors in 17 countries awarded a

score, positive or negative, according to whether official statistics showed each of the What is singular about the Lange Government is the rapidity and boldness with which it has matched rhetoric countries: to be above or below, average on seach of the indicators. The study included familiar

"It could not possibly be. What is underway in New economic measures (rates of thought that these objectives Zealand is an almost revolution growth, number of telephones will be easy to achieve, but the tionary attack on the controls, and cars per 1,000 of popula-whole range of economic advice constraints, and interventionism; tion, numbers in higher educa-available to me tells me that of the former National Party, tion and circulation of daily they can be achieved."

Government of Sir Robert Will newspapers per head of popula-

doon, married to an attempt at tion); a number of social welforcing New Zealanders to fare and health measures acknowledge that economic and (population per doctor, plus social recovery can only be achieved if New Zealand murder, divorce and infant mortality rates) and others.

New Zealand came top of the list followed by Canada the New Zealand came top of the list, followed by Canada, the U.S., Sweden and Australia in that order. The headline in the New Zealand Economist was:

"Oh, you lucky Kiwis!"

There are no such headlines today. Since the election last July, New Zealanders have been encouraged to step away from the looking glass and see them-selves as others do.

Labour has thrown open the books. The Finance Minister, Mr Roger Douglas, says that the country's "crisis" stems from its failure over a long period to adjust to changed external circumstances.

of payments deficits had re-sulted in very heavy domestic and overseas debt. Rather than

tinkered with one problem at a time. Over the two-year period prior to last July, inflation had been accorded top priority. But rather than tackle its causes, National had suppressed its symptoms with widespread controls, prompting alarming imbalances elsewhere.

Under Labour, says Mr Douglas, National's interven-tionist approach has been "swept aside and replaced with integrated market-based policies that have a medium-term focus."

Labour has tightened up monetary policy, and is com-mitted to reducing the fiscal deficit substantially over its three-year term. Recent projections indicate a deficit of around 3 per cent of GDP by 1986-87, against 9 per cent of GDP in 1883-84.

National Party Government of Sir Robert Muldoon. action last July was to devalue the New Zealand dollar by 20 per cent. In March this year, the But far more was needed, says Labour, mainly to combat distorted relative price signals and iron out market rigidities. The dollar was floated. The Govern-ment also embarked on a series move towards a more realistic of steps to help strengthen the foreign exchange market, abolishing exchange control which had been around — in exchange rate has boosted export competitiveness, and

varying degrees — for approximately 50 years. A key thrust of Labour's policy is to improve resource utilisation and speed adjust-ment, by making the economy both more responsive and adap-tive to events offshore. over the next two years. Simi-larly, a number of export credit assistance schemes

The country's economy has undergone big changes over the last decade. The export base has been expanded. Non-pastoral products now account for over half of its exports compared with around 40 per cent pared with around 40 per cent a decade ago. New trading part-ners have been found in Asia, the Middle East and eastern Europe to help compensate for Britain's diminished impact on GDP in 1983-84. New Zealand trade, and for It is committed to a realistic what Sir Robert Muldoon has exchange rate, which was formerly—and stubbornly—the EEC's common agricultural

IN THIS SURVEY

enabled a number of export assistance schemes to be removed or progressively phased out. One of the main schemes, the Export Performance Taxation Taxation

administered by the Reserve Bank have already been discontinued. A wide range of other initiatives has been embarked on Subsidised interest rates on Rural Bank finance are being progressively increased to market levels, and various sub sidies on farm inputs are being phased out.

A programme to liberalise import licence tendering, and to place greater emphasis on tariffs

CONTINUED ON PAGE 2

Premier's profile Top ministerial profiles Foreign policy changes

investment dimate The stock market Energy policies

Horticulture Forestry sector Dairy industry Meat industry

Bloodstock secto Tourism industry



#### The companies of the Cable Price Downer Group are looking up from down under. From the abundant resources of Australasia. To the economic vigour of **South East Asia.**

Manufacturing and supplying plant and machinery servicing the capital needs of industry in New Zealand and

The Group is one of New Zealand's largest and most diversified industrial enterprises. It has 4,200 employees and 8,400 shareholders.

Its four divisions are engaged in a wide range of. construction, engineering, manufacturing and merchandising

#### Construction

The construction subsidiary is a leader, especially in civil engineering. It has operations in Fiji, Papua New Guinea, at joint venture in Australia and a representative office in Malaysia. Its reputation ranks high as a builder of dams. tunnels, bridges, roads and commercial buildings, and in open-cast mining and quarrying.

#### Engineering

leas ended 31 March

Three subsidiaries operate in the disciplines of mechanical structural and electrical engineering at four locations within New Zealand. Another subsidiary is New Zealand's leading plant hire contractor.

#### Manufacturing

Six major subsidiaries have factones, warehouses and sales offices in all the main population centres of New Zealand, and manufacturing and sales operations in Australia, Fiji, Southeast Asia and California. They manufacture automotive batteries, traffic signals, electronic control equipment, safety and materials handling equipment, laminated and coil springs electrical equipment and ceramics, pottery and a wide range of componentry.

#### Merchandising

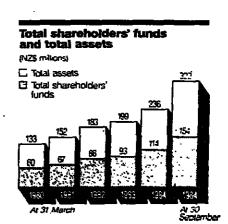
At 59 locations throughout New Zealand, the merchandising companies supply Mercedes-Benz and Toyota motor cars and trucks, construction, forestry and materials handling machinery, machine tools, mechanical plant and equipment, steel and electrical products.

#### **Investments**

A 24.7 percent ordinary shareholding is held in Crown Corporation Limited, a diversified group employing 3600 people, with extensive interests in agricultural and horticultural servicing, meat processing, financial services and agricultural machinery. It also has a one-third shareholding in Toyota New Zealand Limited, a major motor vehicle assembly company.

### Dividends and group profit Group turnover (NZ\$ millions) Group profit Dividends

Result for half year ended 30 September 1984 Group profit, including extraordinary items, for the half year was NZ\$14.811,000, an increase of 95.7% over the corresponding period last year Turnover for the period was up 31.9% at NZ\$270,481,000.





#### Cable Price Downer Limited

CPD House, 108 The Terrace, PO Box 2177, Wellington, New Zealand. Telephone (04) 735-991 Telex NZ3438 Teletax 0064 4 725 280. London Office: L.W. Lambourn and Company Limited, Carolyn House, 26 Dingwall Road, Croydon, CR9 3EE, England. Telephone 01-686 9031, Telex 946979

Mr David Lange, New Zealand's Prime Minister, outlines here his views on a wide range of economic and political issues. He was interviewed by Michael Thompson-Noel.

### Time for radical solutions

Economic restructuring: We've had a very long history in New Zealand of a form of social welfare capitalism. We (Labour) are people who have in ten months been very sub-stantial disturbers of privilege. Those people who have posi-tions to protect because there is a protected market for their manufactured products, or who have been used to an inherited pattern of farming, are faced

with two choices. one is to entrench in a stul-tifying pattern of production and scream like the devil that they are suffering at the hands of the dreadful Government, and burden the Government with their failure, whereas their failure was a more or less innate inability to read the

to move. If they won't do that, you've got to move with them. I think that the Development Board we're announcing will be a pretty clear signal that

terms we'll have a more dramatic reduction. We've got stuck into it . . . We have, for instance, escalated the price of There's

dictated to by some rigid norm which accepted that all form of spending was absolutely justi- away. fied, and that each item of expenditure should be reduced -say-by 3 per cent."

• Relations with the unions: They are pretty practical. We have always set out to assert that we are a Government that is representative of the broad spectrum of NZ society. When spectrum of NZ society. When I was in opposition I used to say that Labour is the party which represents "Wattle's and the wharfies" — Wattle's, the

we are certainly seen by organised labour as being the inheritors of government.

Wattie Industries Limited

IN AN interview in Wellington, power so that we no longer sell Apparently a display of cheese Mr Lange explained his views to the multi-national processing didn't go ahead in a Los company electricity at widow's Angeles supermarket, but that was to be a giveaway of cheese, and we don't make a lot of money out of giving cheese

I know enough about human nature to know that people who buy from us buy basically because we have a product, a delivery, and a price which they find acceptable.

I think it is now inconceivable that the National Party (in NZ) could let itself be locked into a totally unquestioning nuclear-tolerant policy. There is an abundance of evidence that the issue far transcends a narrow partisan base.

Any suggestion that we are

Any suggestion that we are anti-American is absolutely absurd. We are people who as a nation have a very benign view of the U.S. Anyone in New Zealand who set out to stitutional front of organised labour. We are not. We are tune on abusing the U.S. would not get on a borough council.

The U.S. is one of the labour organised labour seem by operational terms of the labour seem by operational terms of the labour of the U.S. is one repositories of our democratic traditions. We share a common heritage. We do not see things

a pretty clear algual that the chance to restructure as quickly as they must.

• Government spending:

In straight terms we'll have a large reduction in the Government a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of that a large reduction in the Government of the same as they do because they are a superpower with the same as they do because the same as they do because the same as they do bec collar state service sector, very the right to have an indepen-vociferous criticism. the right to have an indepen-dent view of what an alliance means—not provocatively, and certainly with no malice or

I'm saying very simply that terms they elected a three-year I I government on July and Zealand economy as penns year; that we never promised Zealand economy as penns them a bundle of joy. We've race against the electoral clock because they must start to because they must start to Government on July 14 last tial period of strain and pain.

I'm reminded them of that. I stood up in front of 900 people last night. They never stood and cheered. I didn't ask them to. I said to them. You're sensible people who've been going 10 months with this Government. There've been some very dramatic changes, and we're starting to see some

But we're not out of the woods yet, and there's going to be a bit more pain—a lot more be a bit more pain—a lot more pain for some. I said you don't cians in New Zealand are not throw the skipper and crew off the ship just because you run into the first patch of rough on heliday. In Wellington we sea. As sensible people, they know they can't keep on living herond their means.

deliver and show real promise We actually said this was the first general election in this country when politicians haven't promised to throw you goodies.

I'm reminded them of that

which we took office, and the fact that we were dealing in radical ways with the economy even before we were sworn in. We were running the show long before we got paid to run it.
It took 13 days for us to get
sworn in, but we had changed
the nature of the New Zealand economy before we took office.

Any move by a political group in New Zealand to extend the parliamentary term would be a total waste of time. Politicians in New Zealand are not

THE POLITICAL SYSTEM

The British Sovereign holds executive power, exercised by an appointed Governor by an appointed Governor General who must act on the advice of the Executive Council or Cabinet except in very exceptional circum-

The Prime Minister leads the Cabinet. The legislature is the \$2-member, unicameral House of Representatives. 88 members are elected for "general" seats and four members for "Maori" seats, voting for the latter is also

open to those of Maori descent who choose to be registered on the Maori roll. General election: held July 14 1984; Government formed by Labour Party (56 seats); opposition parties: National Party (37 seats) and Social Credit (2 seats). The New Zealand Party won 12 per cent of the vote, but no seats. Voting qualifications: Anyone over age 18 (whether or not a national) domiciled in New Zealand and resident for at least a year.

### Labour looks to the future

CONTINUED FROM

rather than quotas, is coming in. Reinforcing these moves is the progress being made in implementing a series of industry plans, the object of which is to progressively open up domestic industry to greater foreign competition and boost efficiency.

In a speech last November. five days after presenting his first budget, Mr Douglas told the New Zealand Bankers' Association that in essence, the National Party Government had dealt with New Zealand's problems by the application of ointthe economy really needed was corrective surgery.

Some businesses would face higher costs as a result of the first budget, but in return they would get more consistent economic management, a lower fiscal deficit, lower interest rates, and less inflation. Some individuals would face a higher cost of living, but over the next 18 months or so would benefit from comprehensive tax reform
—a reference to the goods and services tax Labour is plan-ning, said to be the country's most important tax reform since the introduction of PAYE

A cynic would seize on Labour's admission that it will take up to five years to turn the economy around, and wonder what that implies for wonder what that implies for the third year of Labour's term, in the run-up to the next general election. The cynicism would stem from the role traditionally played by electoral bribery in New Zealand, a prac-tice of which both parties have

been guilty.
Mr Lange says that Labour is "not going to try to buy vic-tory in the next election and consign New Zealanders for ever to the status of a second-rate economy and a failed society.... The next economic upturn will not be devised to coincide with the election. The Labour Gov-ernment will lose the next election if it is not fair or if its actions are unreasonable or dis-

Labour will succeed with all its financial deregulation and economic restructuring it has stated. with the utmost clarity, what it wishes to achieve and how it hopes to achieve it.

It has made a similar mark with its decision to ban nucleararmed or powered ships from New Zealand ports. This has put great strain on the ANZUS defence treaty between New Zealand, the U.S. and Australia, and raised questions as to whether a country as small, weak and vulnerable as New Zealand can afford to change its foreign policy stance every

time it changes government. According to Mr Malcolm Templeton, director of policy studies at Wellington's Victoria diplomacy is a very inadequate response to the political and economic problems New Zeain today's real

In a recent survey of New Zealand's foreign policy choices in the nuclear age, Mr Ramesh Thakur of Otago University says it is important to rescue the ANZUS debate from polemical charges and counter-charges, "ANZUS membership and nuclear ship visits do not automatically put New Zealand on the Soviet nuclear hit list; withdrawal from ANZUS would not immediately expose New Zealand to the tender mercies of the Soviet Union."

Mr Peter Rankin, director of the New Zealand Planning Council, has possibly put it best by saying that the country's real security concerns relate to the viability of the wider world system on which NZ depends and in which it

"Because we want to live in world system matters to us. Insignificance is not someth we need to feel defensive or insecure about. The virtues are considerable. Our demands on the rest of the world are very small, and its demands on us

are negligible.

"We are not inexperienced at operating in the world system. The combination gives us very considerable freedom.

New Zealander

"We're not out of the woods yet," says David Lange. He emphasises that his party "never promised the voters a bundle of joy"

Every inch a

"New Zealand suffered be cause of a failure of political will," he says. "Change is not easy for governments. It carries castles out of cobwebs and has been described as one of four likely factors contributing to his swift rise from the peri-phery of New Zealand politics to the Labour Party leadership and thence the Prime Ministerrisks. The National Party Gov-eroment accordingly decided that New Zealand would not change. It borrowed overseas ship.

The other three factors are to avoid the need for change. "It attempted through that said to be his former fatness, which always got him recogborrowing to insulate New nised—he is now much slimmed down; his church and family Zealand from economic reality. It offered the Think Big

DEXTEROUS, despite his bulk, the New Zealand Prime Minister, Mr David Lange,

moves and talks with great rapidity. His verbal skill spins

is that I was there."

and charted a .. brave-

from anywhere."

last July.

background, which pointed to deep social concerns; and the luck of being in the right place 'I believe that our challenge is to create a at the right time.
"There are lots of reason society where people feel

wh: I am where I am," he said a year ago, just before routing Sir Robert Muldoon's National Party Government in a bitter committed to each other . . . where they realise they have a duty general election that broke the mould of NZ politics, "but one to their brothers.' of the most compelling reasons

(energy) projects as some kind of cargo cult, as if we could earn In a little under a year he has presided over an almost a living without working for it.
"It protected the interests of revolutionary attack upon the impedimenta of New Zealand's the past and the tired institu-tions of the past by an ever-increasing range of subsidies, regulation, and control. economic and financial systems, would say foolhardy—foreign

policy course with the banning of nuclear-armed and nuclear-"It became more strident and oppressive as the pressures for powered ships from his country's ports: He is every each the New did not work. Our economic performance was worse and worse. Then it was removed Zealander. In the view of a and the people of New Zealand "Lange would still rather set took their country back. They voted in a Government which his face into a southerly storm at Owhire Bay or a rugged sea at Hokianga Heads than visit Auckland Art Gallery." to make the hard decisions."

In the prime minister's words: "If I want to have The Prime Minister's great grandfather, Hermann Heinrich something which really is a warm, reassuring part of my Lange, a tailor, emigrated to Nottinghamshire in the 1860s heritage of being a New Zea-lander, that builds up my spirit, it is to be in a tin hut, with and married an English girl, Aida Taylor, on Boxing Day 1871. The couple emigrated to New Zealand, settling in Thames, then a service centre an open fire, somewhere miles for the Coromandel goldfields.
David Lange's father, Roy,
studied medicine at Otago University, and became a Fellow of Politically, he is still able

harangue the former National Government, for it was National's economic handling, plus the bullying, interven-tionist style of Sir Robert, that the Royal College of Surgeons, Edinburgh, pelped sweep Labour into office In a speech last month to Labour's Auckland regional conference at the Pacific Island Church, Otara, Mr Lange used

The son became a lawyer. For a time, David Lange worked in London, selling his month's supply of luncheon vouchers at below face value because he needed the money. below face value because he needed the money. Sometimes he went to Central Hall, Westboth a scalpel and an axe. He said New Zealand's minster, where they put on a

tragedy of the last decade was that it was locked into the patterns of the past by a government — National's — that At home again in Aurkland At home again in Auckland he routinely tackled 10 to 12 cases a day. "His record num-her of pleas in one day was 23," says Vernon Wright. "Despite

says Vernon Wright. "Despite his astoundingly high work volume, Lange's recovery of fees was low. By the time he left law to enter politics in 1977, Lange was earning N2\$70,000."
In Parliament his maiden

speech drew prolonged applause from both sides and offers im-portant clues to his approach to the political and legislative At one point in the speeci

he asked how he could continue to justify to people the piece-meal approach of laws that pro-vide a theoretical maximum penalty of three months' imprisonment for careless driving causing death and a theoretical maximum of 14 years for growing a cannabis plant.
Later on he said: "I believe

that our challenge is to create a society where people feel committed to each other, where they have an interdependence which no adversity can force apart, where they realise they have a duty to their brothers."
This theme reverberates today. Mr Lange insists that his Government's economic policies.

are not doctrinaire. Nor, he says, has the Government "gone into some form of early retirement so that the forces market : we are interested in what is fair and what will work."

He says that Labour is rerelationship defining government people. Almost 50 years ago, he says, the Labour Party in New Zealand created a system of economic and social organisation usually known as the welfare state.
"Fifty years ago the welfare

state was fresh and new. Today it is in crisis. It does not deliver what is needed." David Lange is regarded with a great deal of affection in Weilington. He is viewed as witty, zestful bold, gregarious, and a little bit eccentric.

the probably needs most is the patience of Job.
David Lange. A Profile. By Vernon Wright, Unwin Paperbacks with Port Nicholson Press, Wellington.



During the last financial year — 1983/84 — the Company realised

sales of \$NZ642 million and earnings of \$NZ53 million. Earnings for the half-year ended 31 January 1985 were \$NZ32 million, a 39% increase over the same

Wattie Industries Limited is involved as a maufacturer and distributor in all sectors of the food industry, but its strength lies in its core business - the processing and marketing of

branded consumer food products and the milling of cereals. The Company has a broadly based policy of adding value to raw materials harvested from the rich farmlands and abundant waters of

New Zealand. Its operations are located throughout the country, linked by an efficient distribution network which supplies a demanding domestic market and over 47 countries world-wide.

Wattie Industries' reputation as an exporter of high quality food products was established over 40 years ago when the Company first entered the export field. More recently, however, Wattie Industries has also achieved

international status by providing technical aid and successfully undertaking joint venture projects with overseas food groups. The Company has representatives

located throughout the world - South East Asia, Middle East, Japan, U.S.A., England, Australia and Singapore.

> Inquiries are welcome and should be directed initially to:

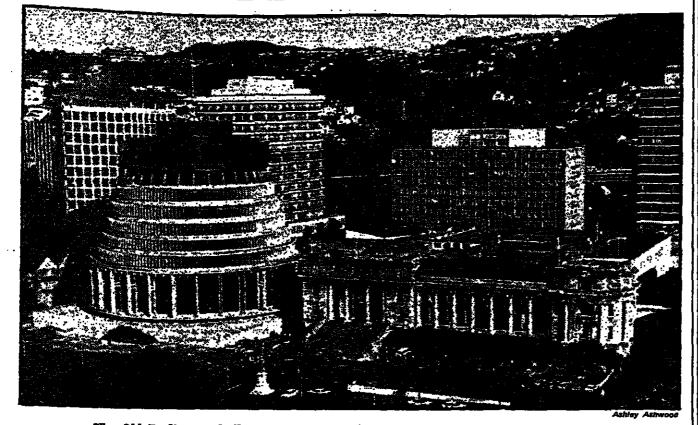


Wattie Industries Limited



AIR NEW ZEALAND'S RITZ OF THE SKIES SERVICE TO LOS ANGELES AND NEW ZEALAND ONCE AGAIN CAME TOP IN THE LUNN POLY BUSINESS CLASS SURVEY

#### New Zealand 3



The Old Parliament building (right) in Wellington and the newer Executive Wing—known locally as the Beehive

Personality profiles on New Zealand's Labour Government: FT correspondents highlight here three leading decision-makers and their plans for reform.

PROFILE: Roger Douglas, Finance Minister

### bold policy-maker

ROGER DOUGLAS, a Labour MP since 1969, and the son of an old-time trade union Mem-ber of Parliament, grew up in a traditional Labour household. Now, as Minister of Finance

Now, as Minister of Finance in New Zealand's Labour Government, he is the architect of a radical economic policy which has dismayed many Labour supporters and caused anxiety and unease among some of his own Labour colleagues in Parliament.

Mr Douglas believes in a com-pletely free market-orientated economy. In just nine months he has introduced more changes to New Zealand's financial and transland. banking system than the country has seen in the past 10

He has swept away a whole morass of controls, restrictions, regulations and Government interference which has ham-pered and bedevilled the country's economy for more than a quarter of a century. In doing so, he has also

created an economic climate where interest rates and inflation have again started to soar. interest rates on home mortgages were above 20 per cent-ioan money was costing firms and developers up to 30 per

This, along with rising prices. an additional tax on age benefits and his proposed goods and services tax—a version of value added tax, has alienated trade unions and a large section of the public.

The whole future of the The whole future of the Lange Labour Government, and whether it will survive more than its first three-year term, will depend to a great extent on the success of Mr Douglas' policies. Even if they are successful, Mr Douglas must prove this to the public well before the 1987 election.

This is one weakness in the

claimed that he does not always undoubtedly



Roger Douglas: sweeping away a morass of financial controls.

take even his own colleagues, let alone the general public, into his confidence. Convinced he is right, he does not think plaining his moves in great on how to bring them about.

detail. He expects to be taken

His objective for New Zealar

He has failed to explain the benefits of the big tax cuts which, he claims, the Goods and Services Tax will allow him. Services Tax will allow him to make next year. He has not convinced the members of the public that they will have much more spending power in their

Only in early June, when public opinion polls at a pend-ing by-election in a former safe Labour seat showed the Government was trailing the opposi-tion and in danger of losing, cid Mr Douglas provide much more information on what he

This is one weakness in the otherwise undoubted ability of Roger Douglas. He tends to keep details to himself. It is Mr Douglas tackled the country's

economy. His plans were well-thought-out, however, long before he became Minister of

Finance, last July. Roger Douglas spent much of the last eight years, while in opposition under Sir Robert Muldoon's Government, thinking and planning a new, radicaltype economy which could be implemented by a Labour Government

While in opposition, he publicised a thought-provoking book, "There's got to be a better way"—an alternative to the traditional economic policies which were leading New Zealand despendent in the international control in the publicies. land deeper into international

believed the nation needed a revolution — but a peaceful economic revolution. He still believes so and he has the confidence and the courage to try and implement his objectives.

Mr Douglas does not accept that he has moved far from the Labour objectives and beliefs of his father and the other old-time Labour supporters. He says these remain the same,

to all levels of education for anyone with ability—irrespec-tive of their income or their social background.

He also believes that people should be rewarded for their efforts. He believes people deserve to be rewarded for innovation and risk-taking. The philosophy of Roger Douglas can be summarised in a

comment he once made to a group of bankers: "To achieve our objective, we need a produc-tive, dynamic economy and Government interventions which will effectively promote social justice, without penalising individual effort and enterprise."

DAI HAYWARD

#### PROFILE: Mike Moore, Cabinet Minister

#### Man of unbounded energy

THE Hon Mike Moore, third-ranking member of the New Zealand Cabinet, Minister of the important Overseas Trade and Marketing portfolio, Minister of Tourism and Minister of Recreation and Sport, would never provide the inspiration or model for a "Yes, Minister" type of programme.

A man of almost unbelievable energy — especially when measured by Civil Service criteria—he is fast-moving, decisive and a minister who expects - and gets - prompt

action.
Ideas for his various portfolios, especially tourism, spill out in a never-ending stream. Those closest to him, caught up in his unbounded entitusiasm, enjoy working with Mr Moore, although they admit they find it hard to keep pace with his non-stop approach and demand for fast

results.

Mike Moore says: "Nobody dies from hard work—only from

frustration."

At 23, he was the youngest-ever MP elected to the New Zealand Parhiament when he captured a national Government-held seat in 1972. A major factor in this victory was his own driving force and the 18-hour-a-day effort he put in every day for eight and the 18-hour-a-day effort he put in every day for eight weeks before the election.

Mr Moore lost the seat in the big inti-Labour swing in the the 1975 election but, in 1978, he was back in Parliament

as MP for another electorate
—Papanui, in Christchurch. Mr Moore became involved in transcript became involved in Labour Party politics at an early age. When only 17 he was elected to the Auckland Trades Council—the regional governing body of trade unions—and held his own with preserve trade unions. with veteran trade union officials.

He was the first youth represen-tative elected to the Labour Party's New Zealand execu-tive and held office at every level of the party up to the post of vice president.
All this before the age of \$2.

Despite his long immersion in traditional Labour Party philosophy, he does not be-lieve in state-domination or state monopolies in trade or commerce. He has welcomed the establishment of new in-dependent domestic airlines which provide strong competition for the state-owned Air New Zealand and has encouraged private enterprise hotel chains to open even though the Government-owned Tourist Hotel Corpora-tion falls into his area of

The greatest heresy, however, in the eyes of senior and middle ranking civil servants, is the increased influence given to private enterprise in what were formerly departmental areas of responsibility. A new marketing board, to promote exports, which will have only three depart-

responsibility.

against six from private enterprise, is one example.

Civil servants have been par-ticularly stung by the sug-gestion that this organisation could eventually provide the country's overseas trade com-missioners—posts now filled exclusively by career civil

servants.

He has blumly told producer boards and major exporters to consider barter deals if that is what the customer wants. Mr Moore has encouraged exporters to hunt for new markets.

ror new markets.

He has personally led large trade missions to several Asian regions using his ministerial influence to open trade doors for the commercial cial representatives travelling

Private enterprise—not civil servants—are the best sellers of its own products, he says. This is not a philosophy to win affection or even great support from bureaucrats or senior civil servants, especi-ally in a country where Government-influence and controls have been firmly cemented around much of the commercial activity. But it is one which New Zealand's youthful, enthusiastic senior minister pursues, simply be-cause he firmly believes it is in the best interests of the

country.

DAI HAYWARD

PROFILE: Ann Hercus, Cabinet Minister

### War on sexism and racism

AN INFLUENTIAL member of the Lange cabinet is Mrs Ann Hercus, 43, who at one and the same time is Minister

She says she is one of two feminist cabinet ministers in Wellington. When I asked her why she deliberately used that word, which in New Zealand still causes palpitations, she replied that she had been an adult and a feminist for a long time; that the height of hypocrisy to dispense with it now.

Mrs Hercus is sometimes thought of as prime minister material, but says that both the Prime Minister and Deputy PM are exactly the same age as she, and that ambitions to lead the party do not loom large.

"Why should they? I can't think of three more satisfy-ing jobs than the enes I hold now. Social welfare covers now. Social welfare covers about a quarter of public expenditure. I'm the first woman Police Minister. And the first person to head an autonomous department of women's affairs."

At high school she was a Walkato swimming champion and played first XI hockey. She attended Victoria University in Wellington, as well as Auckland and Canterbury Universities, and won Lyttelton for Labour at the 1978 general election,

#### Wide experience

While in opposition Mrs tercus was at different times spokesperson for consumer affairs, health, social welfare, women's affairs and associate spokesperson for trade and industry. She also spent six years on Parliament's public expenditure committee.

Her work as Minister of Women's Affairs is not all plain sailing, and has drawn the ire of fundamentalist the ire of fundamentalist church groups. One letter started: "Dear Mrs Hercus, As a 'typical' Kiwi mum and wife, I strongly resent any representation to the United Nations on my behalf. My authority is God, the Queen, the Governor General than the Governor General, then my husband."

She says the police will respect the right of lawful pre-test, and adds that although next month's All-Blacks rugby tour of South Africa has already sparked several large rallies, there have been very

Mrs Hercus—whose brother was an All-Black—says she would find no difficulty joining an anti-tour protest march, "but not if it put me in confrontation with my own

One of her biggest chal-lenges, she says, lies in attempting to combat sexism and racism, though she does not believe that race rela-tions in New Yorking are the tions in New Zealand are the powderkeg portrayed by some.

> MICHAEL THOMPSON-NOEL

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Interactive Applications Limited David Hartley Computer (Australia) Limited

#### INVESTMENT SERVICES DIVISION

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Preliminary Highl		<i>31/3/8</i> 0
	1985	1984
Sales	\$1105.8 million	. \$839.6 million
Consolidated Net Profit	\$110.1 million	\$78.1 million
Dividend per 50		
Ordinary Share	14.5 cents	13.0 cents
Amount	\$42.4 million	\$27.2 million
Shareholders'		
Funds	\$728.0 million	\$558.2 million
Cash Flow	S123.7 million	\$82.3 million
Employees		
<ul> <li>Number</li> </ul>	9,933	9.877
<ul> <li>Remuneration</li> </ul>	S250.0 million	\$228.5 million





# Pursuing a more independent stance

Foreign policy

changes

DAI HAYWARD

Schultz, and Australia's Foreign

Secretary Mr Haydon, and the New Zealand Government, opened on the Sunday—less than 24 hours after the Saturday

election which saw Sir Robert Muldoon's Government swept

from office in a landslide Labour

The New Zealand ministers who attended that Anzus con-

The Anzus conference, possibly encouraged by the New

Zealand representatives for partly political motives, raised

There seems little doubt that

strength of the New Zealand

It also seems possible that

When the Americans first asked

The Americans could prob-

victory.

WITH THE advent of the Labour Government in July, 1984, New Zealand's foreign policy underwent a significant change of course.

The Labour Party—and the Prime Minister David Lange himself—were determined to adopt a much more independent stance. They would no longer automatically support their friends and allies, such as the U.S. and Australia.

They were also anxious to develop much closer lialson with countries in Africa and the

Pacific.

One plank in Labour policy which was to have almost immediate and traumatic reusits, mmediate and trainance rensits, causing a rift between it and the U.S., in particular, was the party's long-standing anti-nuclear policy. This was not something new. It had been part of Labour's policy and endorsed regularly by the party's annual conference, for more than a decade.

annual conference, for more than a decade.

Back in 1973, the second Labour Government, under the late Prime Minister, Norman Kirk, made world headlines when it sent a New Zealand frigate into the French nuclear who attended that Anzus contest area at Mururoa. On board ference were in a political was a Cabinet Minister, the Hon. limbo—they were still legally Frasor Coleman, selected in a cabinet ministers in a govern-ballot of cabinet ministers to ment which had been thrown ballot of cabinet ministers to ment which make the trip as a represent-ative of the Government. Labour's

ative of the Government.

The move was seen by many ments had re-affirmed Hs ancother governments as a Quixotic nuclear policy and declared that nuclear weapons would not be allowed into New Zealand.

Application of the Government.

The move was seen by many ments had re-affirmed Hs ancother governments as a Quixotic nuclear policy and declared that nuclear weapons would not be allowed into New Zealand. harmless way the general unease at nuclear testing.

#### **Protests**

To New Zealand, however, and the question of nuclear ship to the Labour movement, in particular, it was much more than a harmless Quixotic gesture. It mark to be settled in the New Year a definite restriction. was a definite statement and an Year. anti-nuclear stand which the anu-nuclear stand which the country hoped might achieve the Americans believed the anti-some easing of the nuclear nuclear policy would be fol-threat, by focusing worldwide lowed more in the spirit than attention on the Pacific nuclear

Because the protest was aimed attitude. at France it did not directly concern other countries and Mr Lange misjudged the required no change in the strength of the Left wings of policies operated by the Anzus both the New Zealand and partners—Australia, New Zea- Australian Labour Parties. partners—Australia, New Zea-land and the U.S.

The French continued their to send a naval vessel to New nuclear testing in the Pacific and Zealand in the New Year, Mr successive New Zealand governments—including the national land would not allow a nuclear-government of Sir Robert armed ship in a New Zealand Muldoon—have regularly made port. There were indications, routine protests to Paris, however, that he, and the Govroutine protests to Paris, however, that he, and the Gi Immediately prior to the July ernment, might accept

ection, the partners in the nuclear-powered ship. Anzus Defence Treaty were The Americans could prob-scheduled to meet in Wellington. ably have lived with this com-Indeed, the meeting between promise which would have The New Zealand Government. In August, the leaders of the U.S. Secretary of State, George allowed them to retain their sees its anti-nuclear policy as a Pacific island countries. will

stand of neither confirming or denying whether any particular thip carrier nuclear weapons.

However, the hardline Left, including some members of Mr Lange's own Government, pushed for a much stronger stand. There are suggestions that they combined with the Australian Left-wing to main-tain the pressure and a call for a complete anti-nuclear

In the end, Mr Lange had to

adopt this extreme stand. The anti-nuclear ban was applied to nuclear-powered ships, as well as nuclear weapons. It also applies to nuclear power elecapplies to nuclear power elec-tricity stations in New Zealand. The U.S., stung by the rejec-tion of its request to send a navy ship, over-reacted. There were threats of trade bans, of restrictions on New Zealand exports to the U.S., the removal of friendly support by the U.S. Administration against efforts to shut out New Zealand dairy and other products. There was and other products. There was also strident condemnation of New Zealand from various American politicians and offi-cials.

#### Pressure

The heavy pressure applied against the New Zealand Government, and against Prime Minister Lange personally, undoubtedly had a counter-effect and did more to rally uncommitted New Zealanders to the anti-nuclear cause.

Cities, towns urban areas and even a church have declared themselves to be nuclear-free zones. Now, more than two-thirds of the country's population live in official "nuclear-free

Despite American refusal to take part in planned Anzus exercises with New Zealand and its cancellation of several joint meetings in which New Zealand and Australia were to take part, the New Zealand Government does not consider the Anzus Treaty to be ended

Mr Lange repeatedly argues that the Anzus Pact can only be terminated by one of the part-ners withdrawing from it. New Zealand has certainly not withdrawn from Anzus-and neither has America or Australia, offi-cially. New Zealand, says Mr Lange, has simply said it will not have nuclear-powered warships in its ports. He stresses that visits from conventionallypowered American warships will fall-out, to follow New Zealand's

still be very welcome.
The New Zealand Government

logical one. There is already lieves it could be the base for

Mr Lange and several other Cabinet ministers have visited as part of the drive to establish a closer rapport with New Zealand's smaller neighbours in the Pacific, They have en-couraged Pacific islands, who are also concerned about nuclear testing and nuclear

Nelson PACIFIC OCEAN 250 KH

MORTH

agreement to keep nuclear activity out of the Antarctic and, as the nearest country to the Antarctic, New Zezland bemaking the South Pacific nuclear-free.

some of the Pacific island states stand.

In August, the leaders of the

a nuclear-free zone will be adopted by many of them. Major powers, such as Britain, the U.S. and France (which all have territories in the South Pacifi and which are all nuclear countries) will be asked to respect the South Pacific nuclear-free

treaty. Mezawhile, the continuing nuclear tests by France at Mururos continue to attract the strongest opposition and condemuation from Mr Lange.

In May, when Frence exploded its biggest blast since underground testing began at Mururoa in 1975 (an explosion of 150 kilotons strength), the New Zealand Prime Minister declared there was absolutely no justification for this continued research.

Mr Lange has suggested that if the Mururoa tests are harmless, as the French authorities claim, then the tests should be moved to the French mainland.

On the non-nuclear front, the Labour Government has done more to establish closer contact with African countries than any previous New Zealand government. Earlier this year, Mr Lange made a lengthy tour through various African states.

He was able to explain how the New Zealand Government had done everything possible to prevent the All-Black rugby tour of South Africa and that in a democracy like New Zealand in is not possible to withhold visas or ban the players from going.

meet for the South Pacific the African governments—and forum. It is expected that a Mr Lange is hopeful his efforts South Pacific treaty supporting a nuclear-free zone will be New Zealand at the Edinburgh and Auckland Comme Games

The Government intends to open a diplomatic post in one of the front-line African states— this move will be a first for New Zealand. The chosen state will probably be in Zimbabwe. African aid

New Zealand has also steppedup its aid programme to African countries. The Government and the public joined in sending a food relief ship to Ethiopian drought victims — a project initiated by a group of trade unions who arranged for the vessel to be crewed

volunteers. Because New Zealand is expanding its ties into new areas and developing a more independent stand in foreign policy does not, however, mean it is weakening its links with Britain

countries. It has re-opened the New Zealand High Commission in India after an absence of more than a decade. The choice of Sir Edmund Hilary the conquerer of Mount Everest, as the new High Commissioner is widely regarded, in both New Zealand and India, as an inspired appointment.

In world terms, New Zealand is a Small country has the

is a small country, but the Labour Government believes that an independent stand, coupled with a greater understanding and sympathy for the poorer nations of the world will The New Zealand position was win it greater respect certainly better understood by influence in world affairs.

# Strong passions aroused

#### The All Blacks controversy

MICHAEL THOMPSON-NOEL

FOR WEEKS, the correspon dence columns of newspapers in New Zealand have been filled with distribes on the two big social issues that are currently dividing New Zealanders next month's tour of South Africa by the NZ All-Blacks rugby team, and the introduction in Parliament of a Homosexual Law Reform Bill.

Each has aroused vituperative passions, from left and right, of which a letter to the Dominion, in Wellington on May 31, was an anguished example.

In the view of the writer, New Zealand today is a "superb multi-racial society," but one with a mania for self-criticism and disparagement.

"I think that the vast silent majority of true-blue New Zealanders have had a proverbial gutful of the protester type, including particularly those who make a career of it," wrote Mr Gordon Lewis of Wellington.

"This contribution of our beautiful country, of its values, history, and proud traditions, has got to stop. The vast silent majority should stand aside no longer while the real vandais ride roughshod, not only over the great old game of rugby, but also the most admired and re-vered qualities and achieve-ments of the New Zealand

#### Arrests

On the other hand, the 1985 All-Blacks tour has to date generated mostly peaceful protests and few arrests—certainly nothing like the howling vio-lence which marked the South African Springboks rugby tour force of arms.

of New Zealand in July-September 1981, which, in 56 days, produced 205 demonstrations in cause we come from a country 150,000 people. Each of the three Tests involved unprecedented police operations.

There were close to 2,000 arrests. Police riot, squads batoz-charged crowds for the first time. What is normally one of the most tolerant and tranquil of the world's democracies was bitterly and utterly split. And split it remains, though the circumstances of the 1985 and 1981 tours are hardly the

First, the 1985 tour is a tour of South Africa, not New Zea- then protests were being raised:



Rampaging All Blacks forwards, John Ashworth, Murray Mexted and Mark Shaw burst upfield as English scrumhalf Nigel Melville makes a vain attempt to tackle in the 2nd Rugby test at Wellington this mouth. The match was won by New Zealand, 42-15. At right are the New Zealand captain, Andy Dalton (with headband) and Gary Whetton

a National Party Government, and the current Prime Minister, and the current Frime minister,
Mr David Lange, while making
clear his detestation of apartheid and bitter disappointment
with the NZRFU (New Zealand
Rugby Football Union), has
spread oil in the waters by
appealing for caim and lawful

"You's got this extraordinary paradox," he told me.
"You've got a Government and a people who have declared themselves opposed to apartheid, and yet you've got the national team proposing to go off and give comfort and succour to a white minority elite which keeps itself there by

28 centres involving more than which has decided not to run our society as the South Africans do-to give our people the freedom to travel and not to withhold their passports, and all these other things. But it's

> Sporting contacts between New Zealand and South Africa extend back more than 60 years. During World War I, Maoris were left on a troopship in Capetown while white New a field to which the 'ordinary Zealanders played local whites, bloke" can relate and under-The 1949 All-Black team in stand." cluded no Maoris, although by

In the view of Mr Trevor Richards of the protest group HART (Halt All Racist Tours): "The campaigns of 1949-66 established two features of all future campaigns: the often in-flated and irrational hold that rugby football has on a large section of the community, and the considerable degree racism which exists throughout comes New Zealand. Rugby is New Zealand's most

popular sport, and a branch of its religion. Sociologist Geoff Fougere says that unlike the arts, rugby grew easily and quickly in New Zealand.

#### Appeal

"Before we had anything re-sembling a national market, or even a very effective national state, rugby tied together the collection of localities and provinces into a national body," he

Mr Richards adds that rugby is a hard game appealing to a popular image many New Zea-landers have of themselves— "in a country noted for not all that much, it allows many to hold their heads high, and in

As Mr Richards says, attitudes of South Africa, not New Zea- then protests were being raised: separating the pro- and anti- could only come from a National land; there will be no need for if Maoris were good enough to tour camps could be measured Party MP. It may very well be visiting players to be fight for their country they in light years. New Zealanders

whisked through police cordons. were good enough to play rugby have had virtually no contact Second, New Zealand now for it. In 1960 there were huge with black Africans. They have has a Labour Government, not protests when several great tended to view South Africa, its protests when several great tended to view South Africa, its Maoris were excluded from the people, and policies, through people, and policies, through the eyes of white relatives, friends, associates and Govern-ment spokesmen.

Attitudes towards are reflected in attitudes towards Polynesians, who are much closer to home and who suffer, within New Zealand, marked inequalities in life expectancy, child mortality, employment, education, and in-

will no doubt survive, and may even prosper—" but it will never again serve as the mirror to ourselves. That mirror, for better or for worse, has been shattered irretrievably," believes. Looking back on the 1981

Mr Fougere says that rugby

tour, one of Sir Robert Muldoon's National Party MPs agrees that it strained New Zealand society to an extent that many would not have thought possible.

"Institutions were tested and survived. Peaceful protest was redefined. The tour catapaulted us to the front of the world stage, cast as a villain. It took us from an isolated complacency towards a greater maturity. In the long-term, we will not suffer

serious damage, internally or internationally," he says. There is a degree of airy confidence in that statement that could only come from a National

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#### New Zealand 5

### Whirlwind of policy changes

#### **Economic**

scene

endie: 17. 1955

AFTIFIC

COLUMN AN

Moteum and

MICHAEL THOMPSON-NOEL

SELDOM CAN a New Zealand Government have launched such a determined assault of a determined assault of economic privilege and prece-dent as the Labour Government of Prime Minister David Lange it is as though Labour had decided to wipe the slate clean, and purge all memory of the previous National Party Government's "timid gradualism" under Sir Robert Mudoon.

Labour t save—inherited

payments deficits had resulted in a crippling debt burden.

Rather than deal with the causes of inflation, claims Labour, Sir Robert tried to suppress its symptoms with unworkable controls and an over-valued exchange rate. valued exchange rate.

In contrast, Labour has intro-

duced a whirlwind of policy changes aimed at fostering growth and structural adjust-ment. Controls on interest rates have been swept away; the NZ dollar has been devalued and floated; Government stock tendering has resumed; a new wage-fixing system was an-nounced; a range of producer subsidies and export incentives are disappearing; significant tax reform is on the way; and

#### Viewpoints

Although Labour claims to ave been shocked at the state of reof the books when it gained office, it is not wholly accurate to portray the New Zealand economy as drifting helplessly National Party, because some form of structural re-ordering was underway long before last July's election.

This was a product of grim necessity, and in no way blunts Labour's claim that the Muldoon Government's style was chronic-ally interventionist and ad hoc, that New Zealand — under National — was toiling under a very centrally - controlled

"It is Government by threat, jawboning and bluster in which parliament has no part," said largest outflow of migrants ever rowing of NZ\$ 1.5bn.
recorded, a massive rise in over- Interest rates have swept recorded, a massive rise in over-

because of deterioration in the late 1984.

equivalent to dairy exports.
"A great slice of our increased debt." he claimed, "is directly the capital cost of our energy-based projects. But even what we have borrowed for balance of payments purposes will be serviced by the increase

put a question mark over the whole world scene.' whole world scene."

of Prime Minister David Lange
that won power 11 months ago.
it is as though Labour had
decided to wipe the slate clean,
and purge all memory of the
previous National Party Government's "timid gradualism"
under Sir Robert Muldoon.
Labour—it says—inherited
an economic crisis in which
persistent fiscal and balance of
Payments deficits had regulated

whole world scene."
Recently, Labour's Minister
og Finance, Mr Roger Douglas,
explained to a meeting of
bankers in Frankfurt something of the background to
Labour's economic policies, and
currently seen in Wellington.
He listed the following major
problems confronting Labour
when it took office:

 An economy which had been shielded from a permanent fall in the country's terms of trade;
 Large and persistent fiscal and balance payments deficits, leading to growing internal and external indebtedness;

A rapidly expanding money supply and an accelerating growth in the rate of inflation;
Historically high and persistent unemploymen A heavily-controlled economy with considerable inflexibility

in major markets. Labour's answer, he said, had been to try and combat its pre-decessor's excessive focusing on the short-term by taking a medium-term view that aimed to address imbalances and in-

flexibility.

Labour, he claimed, had introduced monetary, fiscal, and exchange rate policies that were mutually consistent. The desired result: better allocation of resources and a more respon-sive and flexible economy.

First, monetary policy. Labour's first action was its 20 per cent devaluation of the New Zealand dollar last July 18, which marked the start of a return—it claims—to economic policies "similar to those used by the rest of the OECD group of countries and a move away from the policies of the previous government, which some areas were more inter-ventionist and centralised than most of those in the Eastern bloc."

#### Interest rates

"It is Government by threat, The devaluation was matched jawboning and bluster in which by the removal of interest parliament has no part," said rate controls and the introduction claiming that the improvisations of the Muldoon regame control of the money covernment had produced the Government had produced the supply. In its most recent year, slowest nine years of economic the New Zealand Government growth in New Zealand's his-undertook net borrowing of tory, leading to the largest-ever NZ\$ 2.7bn from the domestic

seas debt, plus a "deliberate significantly higher in recent and calculated undermining of months, but are expected to New Zealand's social cohesion ease as Government borrowing and racial harmony." is reduced. New Zealand fin-Conversely, it was Sir Robert's ancial institutions are no Reform of the tax system is are not afraid of markets. claim that the New Zealand longer required to hold Government stock, and foreign excession since 1973 — that change controls were lifted in recession since 1973 — that change controls were lifted in the state of the state of the suppressed."

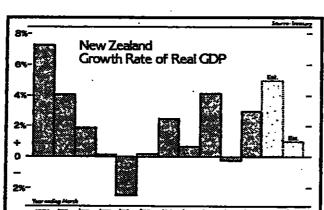
Fourth, the economy to the markets.

Reform of the tax system is are not afraid of markets, and sometiment of the markets.

### Food Animals Machinery Transpo IIII Manufactured Goods CAR Minera) Fuel . Re-exports by Country metic, we have no real prob-lems, but of course one has to

New Zealand Trade (1983-4, Zof Total Value)

by Product



Other

rose from 3.6 per cent of GDP in 1983-94. Similarly in 1983-94. in 1983-84 Similarly, in 1971, 8.7 per cent of Government spending went on debt-servicing, ballooning to NZ\$2.9bn, or 17 per cent of total Government spending, in

In its budget last November, the Government sought to eliminate two-thirds of the current deficit by 1986-87. It pulled very few punches. The forecast fiscal deficit for 1984-85 was 7 per cent of GDP. More significantly, measures in the November budget, olus those already taken, were expected to provide savings of around NZ\$1.1bn in 1985-86, and of NZ\$1.8bn in 1986-87, quite apart from the net revenue from NZ\$1.1bn in 1985-85, and of NZ\$1.8bn in 1985-87, quite apart from the net revenue from other tax reforms—including a goods and services tax—that the Government has in store.

In reviewing the Government has from bugglas says that adjustment has been rapid and not without costs, but that there is widespread belief that the time for timidle is a says.

#### Review

As a result, current forecasts are that the fiscal deficit will have been reduced to approxi-

income taxation. From next April 1, New Zealand will have

because of deterioration in the country's terms of trade it was taking four lambs or four bales of wool to buy what three used to buy in the 1960s.

A year ago, he said that his policies of the previous nine years had been aimed at "getting those four lambs, or four bales of wool, or their equivalent, and we are now getting them."

He spoke of New Zealand's considerable expansion in fishing, horticulture, and forestry; of the hoped-for expansion of tourism; of rising exports of manufactured products, principally to Australia, which is now a much more closely-linked a much more closely-linked and exertance we assumed office. This source are supported to the spoke of the presence and of the spoke of the presence assumed office. This income taxation. From next April 1, New Zealand will have april 1, New Zealand will have april 1, New Zealand will have approximately. In short, claims the Government, the intention is to give back the intention is to give back all the revenue raised this way in income support. Third, resource allocation. For far too long, says Labour, New Zealand's producers have been high tariffs and strict import quotas.

Manufacturing exporters have been bolstered by minimum price symport schemes.

pally to Australia, which is now a much more closely-linked rise in nominal interest rates trade partner; and of the so-called Think Big energy pro- is not a reflection of our dejects which he claimed would regulatory policies. Rather, it eventually yield about is reflection of a serious and overvalued; but with devalua-

#### THE TIMETABLE OF REFORM

14 July: General election held.
Resulted in a change of Government, with Labour Party winning 56 seats, to 37 for National Party and two for Social Credit Party.

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on interest rates introduced by the previous Government

removed.

Devaluation of the New Zealand dollar by 20 per cent. 27 July: Government stock tendering programme resumed. Stock tenders in the rest of the fiscal year to March 1985 have since raised

\$3,087 million. 15 August: A programme to phase out export incentives and to increase access for country was announced.

23 August: It was announced that as from the end of September the special status accorded the four official 30 August: Restrictions on the

ordinary savings accounts, were removed.

31 August: The 1 per cent per month credit growth "guide-

for National Party and two
for Social Credit Party.

15 July: Foreign exchange
market closed.

18 July: Most of the controls
18 July: Most of the controls
19 July: Most of the controls
10 September: A new wage
fixing system was announced.
11 September: Three export
credit assistance schemes

administered by the Reserve Bank were withdrawn. 10 October: The Reserve Bank announced its intention to engage in regular open market operations in order to smooth liquidity fluctuations in a manner supportive of the Government's overall monetary policy objectives. November: The 1984 Budget

foreshadowed major changes to the tax system. Major and to increase access for features were:
imported goods into the A range of subsidies and incentives for land-based and manufacturing industry were either removed or were set to phase out over a period of

payment of interest for terms.
payment of interest for terms.
of less than 30 days as applied to trading banks, and the justed to cost recovery levels;
The prices of state supplied electricity and cost recovery levels; electricity and coal were to be progressively increased to

levels reflecting the full cost

years:

of supply;

the Metal Trades Union and
Drivers Union awards were
completed, with wage in when National wrests back
creases ranging between 6.4 power, it will have to contend

tendering system began. 14 February: Ratios requiring rather than anthentic spending financial institutions to my vest in government and other public sector securities were David Langes's Government has made rapid progress in productions of the accommon into a more

mortgage finance significantly more accessible to modest income families.

successful attempt to fund the tion, the Government is boidly fiscal deficit in a non-inflationphasing out export support and import quotas, and has con-

EEC(encl UK)

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assistance were announced before last November's budget. On budget day, the Government unveiled cuts in farm assistance calculated at some NZ\$433m in 1986-87, plus savings in forestry of NZ\$67m in 1986-87.

It did not mince words: "It is essential that decision-makers recognise that a new environ ment will emerge as land-based industry assistance reform proceeds alongside reform of industry assistance. Those who anticipate and plan on the basis of this new economic environ-ment will be the most successful in adjusting to it."

timidity is over.

this Government are similar to those of other Labour Governments around the world," he claims, "If there is a difference mately 3.3 per cent of GDP, or it is in the approach to the lower, in 1936-87. do not see them as something

> Fourth the economy at present. New Zealand has recently experienced very strong growth. Manufacturing capacity utilisation and building in the December quarter reached their there has been strong growth in employment. This growth reflects both strong external demand and bonyant domestic demand.

The outlook for 1985-86 is for a slowing in the growth rate as weakening domestic demand off-sets continued growth externally. Reserve Bank forecasts of a few weeks ago pointed to a gain in real GDP of only about 1 per cent in the March, 1986 year, following growth of around 5 per cent in the March, 1985 year.

to fall by about 2 per cent. Real private incomes may fall around 6 per cent, and real fixed investspending on the big energy project tails off.

sonal taxation were foreshadowed for the 1985
Budget;
A 'family care' package
targeted specifically at low
and low-middle income
families was introduced;
It was amnounced that a goods
and services tax would be
implemented on 1 April 1986.
6 December: Negotiations of
trend-setting award rates for
the Metal Trades Union and
Drivers Union awards were

project tails off.
The value of exports in 1985
ground 15 per cent, but the
value of imports by only 3 per
cent or so, leading to a projected
fall in the current account
deficit of the balance of payments from around NZ\$2.5bn in
the June 1985 year to about
NZ\$970m in the June 1986 year.
GDP.

The Natioal Party leader,
Mr Jim McLay, claims that

per cent and 7.02 per cent. with a labour legacy that in-20 December: All controls on cludes enlarged state services, both outward and inward foreign exchange transactions were removed.

1985

29 January: A Treasury bill tendering system began lowered by higher taxation

accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded the four official accorded to four official a

But there will be no miracles. M.T-N. As ever, New Zealand faces a wery hard slog.

n a country endowed with the natural wealth of rivers and forests, sand and stone, the Winstone Group has proved as resourceful as the land on which it builds.

From its inception in 1864, Winstone has focused on the building and

construction industry in New Zealand. drawing largely from indigenous materials, manufacturing and supplying products to industry

at home and abroad.

Today

Winstone is a leading manufacturer and distributor of building materials in New Zealand. Winstone employs 5000 people, exports to numerous markets, has operations in London, Hong Kong, Sydney and Melbourne, and holds assets in excess of \$400 million.

The Group's forestry and quarrying activities are on a large scale, with a continuing

policy of forestry replenishment and land redevelopment to protect the company's (and the

> resources. Today, the companies of the Winstone Group are committed not only to the development of their New Zealand markets, but also to their continued

nation's) most valuable

expansion in the Pacific and beyond.

#### **Winstone Group Activities.**

Forestry.

HEAD OFFICE:

44 Khyber Pass, Auckland 3, New

Zealand. PO Box 395, Auckland 1.

Expansion into afforestation and woodpulp has strengthened the company's forestry base. The purchase of new sawmilling and timber merchandising interests has further increased Winstone's leadership in the building materials market, and significantly advanced export potential.

Manufacturing. Major areas include gypsum

plaster wallboards and wood panels; rollformed metal and wall-cladding materials; readymixed concrete, concrete masonry and pipes; refractory and ceramic products; glass processing; plastic pipes and littings; and quality home construction on Group subdivisions.

The Winstone Group of Companies

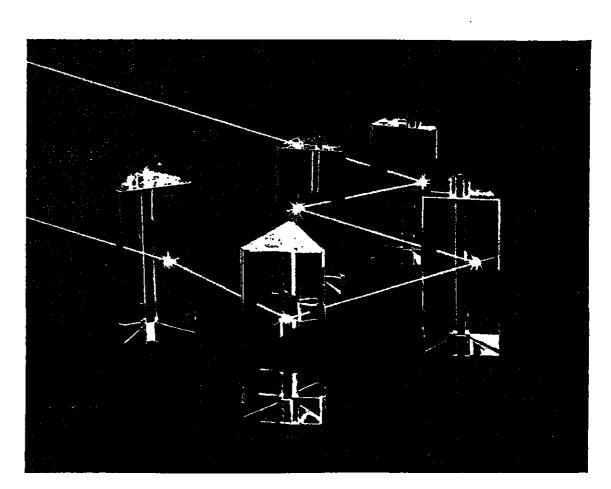
LONDON OFFICE: Winstone (London) Limited: 3 Cranbrook Road, Wimbledon, London SW19 4HD, Telegrams WiNSCOAL, Auckland, Telex U.K. Telex 926 WINSAK NZ2563, Auckland. Telephone 01-947-6936. U.K. Telex 926788. Telephone



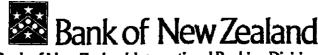
A national distribution network services the construction, home building, plumbing, electrical and D-I-Y markets throughout New Zealand, distributing Winstone's own wide range of building and home improvement products as well as other leading brands.



WET 216 OCHLVY



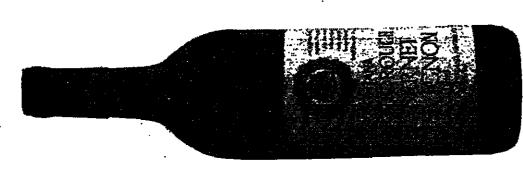
KNOWING THE WAYS AND MEANS OF TRADE, BANK OF NEW ZEALAND'S NATIONAL LEADERSHIP AND INTERNATIONAL REPRESENTATION EQUIPS US TO RESPOND TO YOUR NEEDS. WHETHER DEALING WITH NEW ZEALAND, AUSTRALIA OR FIJI, WE HAVE THE PEOPLE AND CONTACTS YOU NEED WHERE YOU NEED THEM, WITH THE SERVICES YOU WANT. WE'LL WORK FOR YOU.

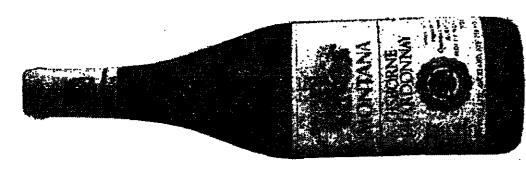


Bank of New Zealand, International Banking Division BNZ House, 91 Gresham Street London EC2V7BL, United Kingdom

Head Office: PO Box 2392, Wellington, New Zealand, Telex 3344. Phone 746-959
International Offices at Sydney, Melbourne, Brisbane, Perth, Adelaide, London, Los Angeles, New York, Singapore, Hong Kong, Fiji, Tokyo.

**EOTT 85** 





# ON TOP, UP TOP

# Montana Wines judged No.1 in the first World Airlines Wine Competition.

When six international connoisseurs met in London to judge which of the world's 22 leading arines served the

world's 22 warmy with the best wine.

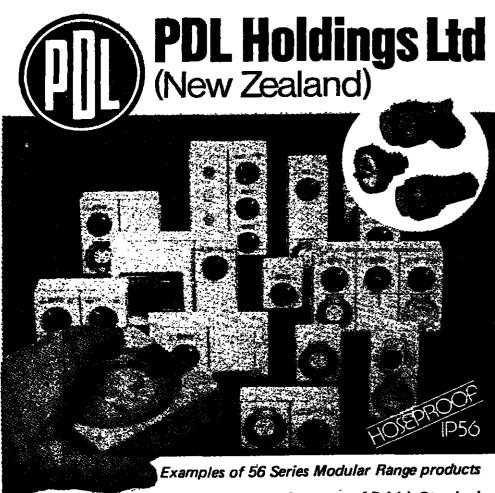
We had high hopes.
And we were on top of the world when Montana and Air New Zealand were judged to be No. 1.

Montana have won a lot of awards,

RESULTS
Best White Wine —
Gisborne Chardonnay '83
This wine has a golden colour and a distinct vertetal nose. The palate is rich and well belanced with an appealing

**MONTANA** 

fontane Martidorough Cabernet '79 A deep full coloured wine with dis A deep full consequence of acid and termin on the pelate, enhanced by skilling the pelate, enhanced by skilling the pelate, enhanced by skilling the pelate, enhanced by skilling the pelate, enhanced by skilling the pelate.



PDL design and manufacture an extensive range of British Standard domestic, commercial and industrial electrical products. In addition the company produces electronic variable speed motor drives, controllers and systems to international standards.

In the field of electrical consumer products, the company manufactures a range of portable fan-assisted heaters, kitchen appliances and haircare products etc for NZ and export markets.

For further information contact:

### **PDL Holdings Ltd**

PO Box 1367, Christchurch New Zealand. Telex NZ4365

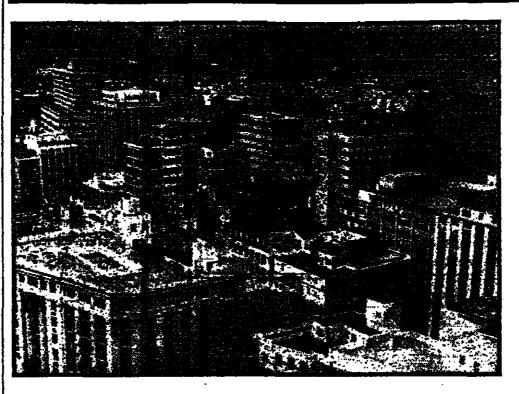
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### Jordan Sandman Smythe

Overseas Investment Advice



Members New Zealand Stock Exchange 2nd Floor, Centrecourt, 131-141 Queen St, Auckland 1 P.O. Box 887, Auckland Ph 399-800. Telex NZ2339. Fax 399-861



Wellington (left), the capital of New Zealand since 1865, is the country's second largest city. Set on a magnificent harbour on the south-west tip of North Island, overlooking the Cook Strait, it has a reputation as a windy city.

#### MAIN TRADING SECTORS

• Imports Main sectors: machinery (including electrical) and transport equipment (typically 30-35 per cent of total value), fuel (19.8 per cent 1979-80), chemicals (12-13 per cent), iron, steel, non-ferrous metals (5-7 per cent), textiles, clothing, footwear (7-8 per cent), food bever-ages, tobacco (5-5.5 per cent),

raw materials.

Main sources: Australia (1982 20 per cent of total value). UK (1983 9 per cent), U.S. (1982 16 per cent), Japan (1982 17 per cent), Singapore (5.7 per cent 1979-1986 from 2.6 per cent 1977-1978), Sandi Arabia (4.6 per cent 1979-80, 6.7 per cent 1982). German FR (4.5-6.5 per cent), Canada, Italy, Bahrain, Hong Kong, Netherlands. raw materials.

Main sectors: mest and ment products (typically 24-26 per cent), wool (16-18 per cout), butter (7-8 per cent), wood pulp etc (4-5 per cent). hides, skins, pelts (3.5-1.5 per cent), fruit and vegetables (around 2.5 per cent), casein (1.5-2.5 per cent), cheese (around 2 per cent), tallow, sausage casings.

Main destinations: Main destinations: U.S. (typically 12-16 per cent of total value), UK (1982 I4 per cent), Japan (12-14 per cent), Australia (12-15 per cent), USSR (3-5 per cent), Italy (2-3 per cent), France China PR, German FR, Canada, Netherlands, Fiji, Philippines.

### Four major areas of concern

THE New Zealand banking system, still struggling to welcome additional competion fully come to grips with the unrestricted freedom to provided all had to compete on operate, which has followed the lifting of half a century of tightly controlled Government regulations, now has four major areas of concern or discussion. These are: • The possibility of the Government allowing more

trading banks to operate in the country. Whether the soaring interest rates have peaked—or at what figure they will level off.
 How to obtain the best advantage from a rapid

expansion of modern banking technology. ● The need to adapt and operate successfully in the new highly competitive market.

**Financial** 

policies

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keen to enter the full trading

bank field, have been pressing the minister to make an announcement on government

plans, before the end of this year. It has also been suggested

year. It has also been suggested that up to 10 new grading banks could operate in New Zealand.

The lure of a trading bank operation appeals to many New Zealand and Australian financial

An increase in the number of trading banks seems extremely likely in the foreseeable future given the Labour Governfree market approach in trade and financial areas.

Many non-banking institutions and financial corporations are privately preparing to bid for permission to operate a trading bank, if the Government gives the go-shead. There is also much behind-the-scenes lobbying to persuade Government, and particularly the Finance Minister, the Hon. Roger Douglas, to open up trading operations to participants.

New Zealand has four trading banks — the Bank of New Zealand, ANZ, Westpac and the National. Trading banks do not need a licence, but Government permission is required for an institution to include the word "bank" in its title. There are also restrictions on issuing

If the Government decides to allow more trading banks it would probably do so by calling for applicants and introducing bank operation servicing their a system of licensing to control
the number of trading banks
Existing trading banks have
allowed to set up business.

Mr Douglas has twice hinted
incerased competition from a

without going into details—
that the Government might
increase the number of trading
banks have
the country on the same day.

During the past 11 months,
New Zealand's high interest wooed—not only
number of new banking operations. The general manager of
banks. Some large concerns,
Bill Shaw, says his group would

become on line to operate an
EFT/POS service throughout
the country on the same day.

New Zealand's high interest wooed—not only
number of trading banks for similar
type deposits.

New Zealand's high interest wooed—not only
number of trading banks for similar
type deposits.

New Zealand's high interest wooed—not only
number of trading banks for similar
type deposits.

New Zealand's high interest wooed—not only
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New Zealand's high interest wooed—not only
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protection was given to any new-

tomer.

The four existing trading banks have one major advantage over any newcomer. Between them, the trading banks jointly own Databank—a sophisticated, computerised clearing house system which recently invested more than \$50m to add the latest banking technology to its already highly technical operations.

This gives the four banks a swift, efficient clearing system, the opportunity to develop the latest banking impovations—such as automatic teller machines (ATM's) and a base for the introduction of an elec-tronic funds transfer/point of sale system, which they alre operate on a widespread trial

Existing trading banks have invested hundreds of millions of dollars in Databank over the past 15 years.

New banks setting up in New Zealand could not expect to have access to Databank or the benefits of its nationawide electronic data service at the same cost as the four founding trading banks.

organisations, merchant banks and leading companies already providing finhacial services to their clients or to the public. These include New Zealand's This would obviously give existing banks a competitive edge. New Zealand banks and largest commercial operation, the Fletcher Challenge group, and Australia's Elders IXL Australian and international banks would obviously also be keen to expand into New

of controls, restrictions and Government regulations by the Finance Minister, Mr Roger Douglas, who believes firmly in a free market system in the

financial sector.

One result has been to squeez margins but the banks have accepted the reality of lower profits this year as being part of the prices they must pay for the removal of commols which hindered their operations,

Another effect of the new freedom has been rising inflation (which Mr Douglas believes will level off this month), and soaring interest rates. Merchant banks and finance houses are now offering the public 20 per cent and above for one year deposit money.

#### Rising costs

Mortgages, credit card interest, hire purchase credit and loan money costs much more. Even five-year Government stock carries an interest rate of 20 per cent with 90-day commercial bills at 25 per cent and hire purchase interest reaching 30 per cent.

Merchant banks, finance boules and building societies

have introduced a wide range of marketing ploys to persuade investors, particularly the small banking customers have investors, particularly the small accepted the new banking tech-investor, to place their funds noting rapidly. The speed with on deposit. These include which automatic teller machines monthly draws with the chance which automatic teller machines monthly draws with the chance have spread throughout New of doubling the size of the Zealand has surpassed till of deposit and the offer of most other countries. New Zealand could also be the first country to have a true national drawn on call—compared with wide EFT/POS system in which three per cent on Post Office all the country's trading banks and ten per cent become on line to operate an from frading banks for similar

time in their history. This New Zealand Government rates follows the widespread removal of 20 per cent are probably of 20 per cent are probably the best available in the Asia-

Under the encouragement of new Postmaster-General, Mr Jonathan Hunt, the Post Office Savings Bank has also become more keenly competitive and market orientated. This year it has introduced a range of new deposit facilities, offering different interest earning rates, to attract and hold POSB depositors.

At the beginning of June, finance houses and banks suggested interest fates were levelling off and would start to decline before the end of the

As part of its economic policy, the Labour Government is determined to maintain extremely tight liquidity and this, too, is helping push up interest rates. Mr Douglas has made it clear, in talks with various financial institutions, there will be no easing of the tight liquidity situation until the huge Government deficit is substantially reduced. There are indications that the Covernment is already having some success with this.

The past year has seen a big expansion in the number and scope of operators in the financial services field. The removal of foreign exchange controls— giving New Zealanders the freedom to move funds overseas for investment or share buying for the first time in nearly 50 years—helped attract more financial operators and foreign exchange dealers. The banks have also expanded their range of services as part of their new competitive attitude. New Zealand's high interest woold—not only by banks but rates have attracted overseas also by finance houses and investors—particularly in NZ merchant banks — to a far

### New players enter the take-over scene

NEW ZEALAND'S corporate investment climate has successful stand in the market, been punctuated by a Star Wars-like profusion of takeenough to stop a full takeover—
it will put Carter into the top

Since the heady days of late 1983, when the local sharemarket witnessed the climax of take-overs in a confusing array of assaults on major corporates, the pace has not let up.

while Briefley Investments— the take-over king which has been chipping away at Vener-able Enterprise since the 1960s— retains its reputation for the most expertly executed moves, it now faces a host of competition from the newer players in the field, as well as a more aggressive approach from some of the older players. Some New of the older players. Some New Zealand groups have been gripped by take-over fever.

The 1983 manocutres saw the emergence of a new big-time corporate name in the form of Goodman Group. When it, and Associate Wattie Industries (the two companies have substantial cross-shareholdings) decided to take 25 per cout of New Zealand Forest Products, NZFP, the wrath of the latter's chiefs was

While Brierley Investments

vehenem.

NZFP struck beck with a counter-bid for Wattie, seeking all of its capital, apart from Goodman's, effectively allowing Goodman to be locked in.

**Ouestions** When Brierley emerged with

10 per cent of the capital, selling to the Government agency, the Dairy Board, and extracting a substantial fee from Goodman for protecting its Wattie in-vestment, the Commerce Commission began asking questions, as did the Securities Commis-

The Commerce Commission is concerned with protecting consumers against monopolies and promoting free competition. But in reviewing the events of 1983-1984, it reised the question of the relative structures of the argument is whether groupings of companies, linked by direcInvestment climate

tors and shareholdings, may be acting—for all intents and purposes—as one company, even though their formal structures belie this.

SPECIAL CORRESPONDENT

belie this.

A newer trend, following on from the events of 1983, are protective cross shareholdings. Two major Wellington-based companies, Crown Corporation, incorporating the former Daigety NZ's interests and Cable Price Downer how have significant cross shareholdings allowing them some respite from constant rumours of takenowers.

By aligning themselves closely, the boards of the two companies moved to protect theniselves from the raft of hungry take over specialists who view acquisition as the quickest and easiest way of amassing size and economic power. The biggest New Zealand

take-over, in cash terms, is the current Carter Holt bid for Alex Harvey Industries. AHI was 56 per cent-owned by Australian ACI International, which last year sought to take out the minority shareholders. Other Australians, such as Cunlop. had already successfully moved to do this with their New Zealand subsidiaries. But just a chefetrate the New mon directors, with both companies directly competing and, in many cases, dominating sectors of the feed industry.

Inherent in the commission argument is the commission of the proposal, argument is the commission of foreign control of local enterprise. Then Carters moved in Carter's bid, worth NZ3551 mins been agreed. mon directors, with both companies directly competing and, in many cases, dominating sectors of the feed industry.

Inherent in the commission's if minority shareholders accept the state of its capital bought up by Brierley, has been agreed to by ACI, and held 25 per cent.

Tourist and transport operators which its likeling its black of the companies when its whether mountains it is allowed in the commission's if minority shareholders accept to Newman.

five companies. New Zealand's heavyweight corporates are now either embroiled in aggressive schemes to acquire others, or are anxiously protecting them-selves from assault. Of the top 30 or so, about two-thirds are playing strongly attacking or defending roles.

Fletcher Challenge has just made a one for three bonus issue, coupled with a generous staff issue of 10 per cent of its increased capital, in what is widely perceived as a protective measure in view of its wide-open shareholding register.

NZI Corporation, in a similarly exposed position, has swapped directors with Brierley Investments, and must see BIL as a useful ally to have in uncertaint lines. certain times.

Fellow insurer, National Insurance, facing aggressive buying from McConnell Dowell ing from McConneu Dowen Corporation, has just completed a cross-shareholding arrange-ment with BIL associate City Realties, a fast-growing property

Feltex, one of the longestrumoured take-over targets, has fallen under the control of new fallen under the control of new merchant bank, Equiticorp, after its sister company, Chase Corporation, took an initial stake. The two spearhead a group of aggressive Aucklanders who have just formed a specula-tive Investment company with the objective of taking corporate positions for profit. positions for profit.

BIL's tentacles spread ever wider, through its merger with the fellow investment company, Bunting, it acquired a controlling stake—and is buying more shares—in the building products company, Winstone and has just bought 40 per cent in a brisk on-market raid of the motor distribute group. Error motor distributor group, Emco

Waitaki, the largest meat pro-

they include NZFP which tor, Newmans, is a quarter-holds 10 per cent following a owned by Goodman, which just

The transport company, Freightways, has just exper-ienced a successful management tenced a successful management buy-out, while Yates Corpora-tion has cashed up its pastoral interests through the sale to Goodman Associate, the Aus-tralian Elders IXL, and has come under the control of Equiticorp.

#### Rumours

Among the few top companies left, such as the retail chain operator, Farmers Trading Co., and the carpet and packaging company, UEB Industries, there are persistent fumours of takeover or partial takeover.

Very few companies appear above the risk of take-over. Brierley, because of its unique management expertise and its immense shareholder loyalty, is one. But, in the main, unless a company has a large part of its capital held in friendly associate company, board or management control, it is fair game.

had its bid rejected for a stake more suitably espitalised in a fellow tour operator, Mount corporates. The New Zealand corporate scene appears to be nearing a situation that was forecast by the BIL chairman, Mr Ron Brierley, a few years ago. He foresaw the emergence of a sharemarket dominated by a relatively small group of companies, each intertwined with a number of others, each controlling groups of corporate activity.

> All this frenetic take-over and merger activity has assisted in herger activity the assisted in boosting shareprices higher, and pushing the main indicator, the Barclays' Industrial Index, through the 1600 level in May.

With more sober trading com-panies recognising the merits in buying into existing businesses, rather than expanding or start-ing new enterprise, there is little indication of the trend emiliar.

But eventually, efficial questions will be esked about the control of more and more assets and enterprises resting in fewer and fewer hands. The dilemms then will be to decide, Even the smaller complanies firstly, whether such an occur-are playing at the take-over rence is wrong and, if so, what game, with their targets being to do about it?





U.S. DOLLAR FUTURES PRIME COMMERCIAL PAPER FUTURES

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### Proposed changes bring chorus of protest

#### **Taxation** DAI HAYWARD

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NEW ZEALAND is engaged in a major restructuring of its taxation system—but this is not being achieved without con-siderable anguish and protest from different sectors.

Much of the protest comes from those who, before the Labour Government came to office last July, were calling loudly for radical changes to the tax laws, but who now want to preserve their own special tax privileges and benefits.

to the farming, manufacturing and exporting sectors. Some of the tax incentives, especially to the farming sector, could often be seen as political vote catch-

ing schemes.

The maximum tax rate paid by New Zealanders was not

tax gatherer. One effect was has prepared a goods and ser-widespread tax evasion, and an vices tax—the New Zealand army of accountants devising version of a value-added tax, tax avoidance schemes to take to come into force next year. advantage of some of the many incentives available to farming and other industries. At the the fringe benefit tax, the tax

and higher paid staff were more interested in employment packages that provided company cars, cheap loans and other taxifree benefits than they were in receiving a salary increase.

Many of the country's largest companies legally avoided paying millions of dollars of tax each year by taking advantage of export incentives, tourist acevelopment taxation relief, Areas brought into the tax net farm development tax conces
receiving the benefit but by the employer who provides it. The Government believes this is the most effective way of discouraging firms from providing perks or tax free benefit tax hits anything received by an employer who provides it. The Government believes this is the most effective way of discouraging firms from providing perks or tax free benefit tax hits anything received by an employer who provides it. The Government believes this is the most effective way of discouraging firms from providing perks or tax free benefit tax hits anything received by an employer who provides it. The Government believes this is the most effective way of discouraging firms from providing perks or tax free benefit but by the employer who provides it. The Government believes this is the most effective way of discouraging firms from providing perks or tax free benefit but by the employer who provides it. The most effective way of discouraging firms from providing perks or tax free benefit but by the employer who provides it. The form providing perks or tax free benefits to staff.

The fringe benefit tax hits anything received by an employer who provides providing perks or tax free benefits to staff.

The fringe benefit tax hits anything received by an employer who providing perks or tax free benefits to staff.

The fringe benefit tax hits anything received by an employer who providing perks or tax free benefits to staff.

farm development tax concessions and many other Government approved schemes which

development taxation relief, farm development tax concessions and many other Government is, however, already well on the way to implementing the widespread structural changes and prime minister, Mr David Lange, is adamant it will not be diverted from its planned course, even if—as could easily happen—the Government loses the former safe seat of Timaru in a by-election on June 15.

In simple terms the restructuring will place far more emphasis on indirect taxation and abolish tax incentives. But this involves much more than introducing sales or indirect taxes—New Zealand already had a high level of those.

The background to the changes reflect the way the burden of New Zealand tax has increasingly fallen on the individual taxpayer while at the same time various governments have provided generous tax saving incentives gere the years to the farming, manufacturing and exporting sectors. Some of

One of the country's best-known companies not only made a profit of NZ\$148m last year but then also received another \$20m from the Govern-ment in the form of investment allowances. Results such as these added to public criticism of the tax structure.

same time, company executives and higher paid staff were more interested in employment pack.

include cheap interest loads, the include cheap interest loads, the use of company cars—even for driving to and from work—subsidised holidays or travel, and even goods made by the company and available to employees at cost price.

The fringe benefit tax is levied at a rate of 45 cents in the dollar on the perceived value of the fringe benefit.

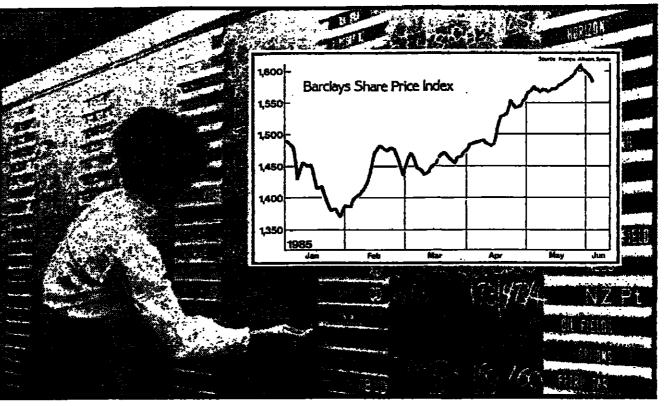
For motor cars, it is applied

value of the fringe benefit.

For motor cars, it is applied on a complicated system of 45 per cent on six per cent of the value of the car, levied to every tayling of the car, levied to every tayling of the car, levied to every tayling on which the car is alesman, taking a company's car home and working out of town leaving home at 1 am Monday morning and returning at 5 pm on Friday night, is deemed to have the company car "available" for private use on four days of the week:

Monday, Friday, Saturday and spindiation. The GST is the cornerstone of the Government's new tax structure and

The goods and services tax (GST) has created even more controversy. The proposed tax —probably of around 10 or 12 per cent—will be applied on the



foodstuffs or slages of manu-

There has been widespread opposition to the proposed tax.

Traditional antagonists — the

Sunday, Friday, Saturday and the cornerstone of the Government's new tax structure and its commitment to provide a better standard of living for the less-well-off. It expects to gain more than \$2bn from GST. It is committed to pay the high fringe benefit tax.

Plenty of surprises in a volatile share market: a spate of take-over bids in the past six months has also helped to retain interest and activity in the sector

### Market maintains steady growth

#### Volatile stock market

DAI HAYWARD.

THE SHARE market in New Zealand which has been extremely volatile all this year. continues to produce surprises but generally pleasant ones for

only one of the highest in the world but it was applied at one. Forced to take heed of the rising elamour against the taxation levels, the former government raised the income level at which maximum tax rates applied. Despite this, New year to abolish subsidised a year pay 60 cents in the dollar income tax.

Even lower paid income earners, receiving between NZ\$16,000 and NZ\$25,000 are company and individual perics, in the more of the first of the farming socrors are company cars and it ments over definitions of various of various of various of various in the dollar income tax.

Despite the opposition, the controversy. The proposed tax per cent of the proposed tax per cent will be applied on the selling price of any article or service af each transaction involved from the tax system and it must be at least ten per cent observed to introduce the GST next April. It has not yet decided exactly what the rate of tax will be but it must be at least ten per cent observed from the tax will be but it must be at least ten per cent observed from the tax will be but it must be at least ten per cent observed from the tax will be but it must be at least ten per cent observed from the tax will be but it must be at least ten per cent observed from the tax will be but it must be at least ten per cent observed from the tax will be but it must be at least ten per cent observed from the tax will be but it must be at least ten per cent observed from the tax will be but it must be at least ten per cent of shock when the original procure of any article or service at each transaction in the decided exactly what the rate of tax will be but it must be at least ten per cent will be applied. What the rate of tax will be but it must be at least ten per cent observed from the tax will be but it must be at least ten per cent will be but it must be at least ten per cent observed from the tax will be but it must be at least ten per cent will be tax tax will be tax tax will be tax tax will be tax tax will be tax to be effective.

New Zealand has

see-sawed for several weeks, activity has come from the cor-with each rise being higher porate sector. A spate of take-than the dips. In early April it once again took off—climbing six months, and which are still from 1471 points to the 1600 point milestone on May 20—the highest point.

Profit-taking, or as some market analysts describe it—a technical correction—pushed the index down again until at the end of May it was at 1572

The bullish trend was despite the extremely high interest rates now existing in New Zealand. Extremely sound invest-ments linked with banking or finance houses will return over 20 per cent. Solicitor's mort-gage money can earn 21 to 2 per cent, while the more adventurous can place their invest-ment at 25 per cent or even higher.

This has sent many of the

six months, and which are still continuing, have helped retain interest and activity in the

market. The market has also maintained its steady growth despite the movement of considerable investment money overseas, after the removal by the Labour Government of exchange control restrictions. For the first time since 1966 New Zealanders were able to freely buy shares on foreign exchange markets or

make other investments. In the early weeks, after the announcement at Christmas, it is understood there was a considerable flow of investment money out of the country, particularly to Australia, Hong Kong and Britain, which contributed to the January slump in

At the same time there has been greater interest in the New Zealand sharemarket, particularly from Australia as Australian companies realise the advantages to them of the devalued New Zealand dollar and the relatively low share prices of many profitable New

Zealand companies.

Australian investment, however, has added to the volatility of the New Zeeland market. Brokers say it has been spasmodic, Rumours and movements in New Zealand's currency value has influenced Australian investment money. There have been noticeable flows in and out of the New Zealand market, reflecting expected currency changes.

#### Performance

The New Zealand dollar has, however, maintained its value extremely well since it was floated earlier this year. The predicted drop in the value of the Kiwi dollar did not happen.

Overseas brokers and investors who have started to study the New Zealand sharemarket have been surprised to discover that during the last five years it has performed better than any other major world market. In the past decade it was third in the total return given to

In the last five years the average annual rate of fetura from the share market was 41.9 per cent. This compared with only 9.9 per cent in Australia, 12.8 per cent in Hong Kong, 14.8 per cent in the U.S. and 16.3 per cent in Japan.

For the same five-year period the average return from the UK stock market was 26.5 per cent. Brokers expect the present volatility in the market to remain for some months as New Zealand is undergoing dramatic

economic structural changes. The introduction of the recent fringe benefit tax and the proposed goods and services tax—New Zealand's unique version of a value added tax—the removal of export and manufacturing incentives and the fore-east economic downturn for the rest of this year will all create uncertainties and probably

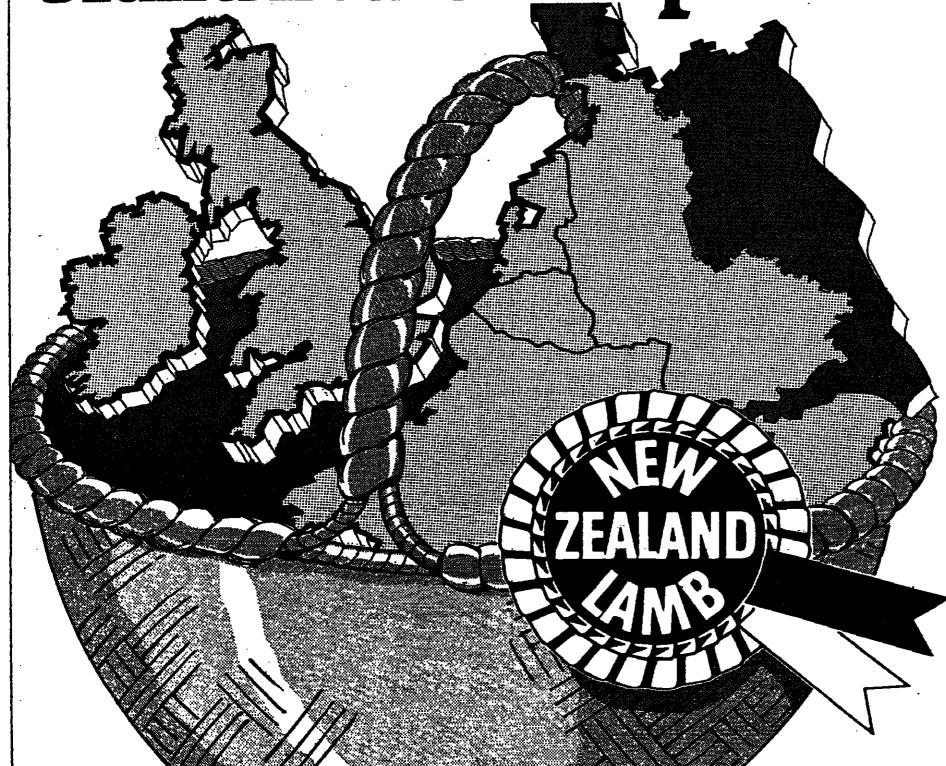
depress share prices in the

short term.

Many companies which have made record profits for the March year or half-year are bracing themselves for a big drop in turnover and profits during the rest of this year.

If the Government's promised economic reforms and tax cuts can be implemented by about the end of this year the New Zealand share market should again be an attractive vehicle for both local and overseas

New Zealand Lamb-a major brand in the European food market.



In the U.K. New Zealand Lamb has a market value of over £300m a year at retail

To Britain's local butchers, it is an essential part of their business within the UK Meat Trade.

It is an equally important and growing brand in every major butchery, supermarket and freezer centre group able to take advantage of its year-round availability, unique grading system and stable pricing policy.

In other markets of the Community New Zealand Lamb is increasingly valued. The Community is not self-sufficient in sheepmeat production and New Zealand, as the major importer, fulfills its role with an unmatched commitment to orderly marketing, distribution, pricing, product development and promotion.

Far reaching changes in the marketing of New Zealand Lamb have been implemented in the past two years, to meet the demands of markets in the United Kingdom, the Community and currently, 77 countries serviced world-wide.

If you would like to know more, please contact Erik Trautmann, European Director, New Zealand Meat Producers' Board, Chancery House, 53-64 Chancery Lane, London WC2A 1RX. Tel: 01-405 7904. Telex: 21261. or Head Office:

Massey House, 126-132 Lambton Quay, Box 121, Wellington, New Zealand. Tel: (04) 739-150. Telex: 3525.

# Strong emphasis on efficiency

#### The farming scene

JOHN CHERRINGTON

THANKS TO a temperate climate, reliable rainfall and a high intensity of sunlight New Zealand farmers are probably the most efficient producers of meat, wool and dairy produce in the world. It is pastoral farming in its truest sense, relying on well-managed grass which needs but little supplement through the country's short through winters.

Exports of wool, meat and dairy products make up 60 per cent of the country's export sales, to which can be added another 10 per cent for fruit. vegetables and non-pastoral

Until the mid-1970s, farmers prided themselves that alone among the world's farmers they succeeded without subsidies of any kind. Then the Govern-ment, desperate to raise foreign exchange earnings instituted an incentive scheme for higher production, and this was accompanied by price guarantees, cer-tainly modest by EEC standards but which became an essential part of farmers' returns.

These Supplementary Minimum Prices (SMP) applied to meat and wool and in some years amounted to a chird of total returns. There were also subsidies on interest rates, fertilisers and farm improve-

As a direct consequence, sheep numbers increased by some 25 per cent as did the output of lamb. Part of this, however, was as a result of a reduction in beef cattle which farmers did not find as profitable as these the as the second sec able as sheep. The value of meat exports rose from NZ\$590m in 1976 to NZ\$1,900m in 1984 on an FOB basis. How-

Many farmers questioned the value of the subsidy system, in particular the inflation of land values which accompanied it, as both farmers and outside in-terests tried to cash in on cheap interest rates and guaranteed

ated Farmers for the 1984 election which called for the regrowing season; prices have



Although New Zealand's export earnings for lamb have trebled since 1976, the volume of meat shipped rose by less than 20 per cent.

Iran is now the biggest customer and there have been sales recently to the USSR, Poland, Egypt and a growing number of Middle East countries.

The country's wool sector has benefited from the 20 per cent devaluation of the New Zealand dollar, plus the lift in world wool prices. Wool farmers also benefit from the fact that they deal in a highvalue, low-volume product.

moval of the distortions of the subsidy system coupled with a parallel removal of the protection afforded the rest of the New Zealand economy.

State of the distortions of the still retained an appreciable element of SMP finance and have been further sustained by the 20 per cent devaluation of the New Zealand dollar, its subse-

The first part of their request was immediately granted by the Labour Government includin 1984 on an FOB basis. However, although earnings from exports trebled, the volume of meat shipped rose by less than 20 per cent. Wool production have to come from the industrumbers.

Interest tree will be a support will have to come from the industrumbers. terest rates will rise to market levels and so on. Federated Farmer's president

Mr Peter Elworthy believes that farmers should "set the way to bring sanity to the country's economy." So far they seem to have accepted the situation in a rather bemused state. This was emphasised in a But this is probably becaudocument published by Feder- they have had a good year. But this is probably because

**New Zealand exports** 

(Year ended June—\$NZm)		_	
	1976	1980	1984
Meat	674.5	1,326.0	1,900.1
Wool	512,1	967.6	1,104.8
Dairy products	473.6	810.6	1,444.4
Other animal products	180.0	402.0	492.5
Pastoral products sub total	1,840.2	3,506.9	4.941.8
Other agricultural	61.1	269.8	607.8
Total agricultural exports	1,901.3	3,776.7	5.549.6
Forest products	197.6	501.2	674.3
Tetal primary	2,098.9	4.277.9	6.223.9
Manufactured and sundry	355.8	867.1	1,620.2
Total exports	2.490.5	5.144.8	7,844.1
Percentage of primary products in total	.,	-,	.,
exports	. 84	80	74

quent float, and the appreciation

They are only just beginning to feel the first effects of the policy in increased prices for every input needed and they are expecting rather naively to see other sectors of the popula-tion submitting to the same disciplines. So far the auguries promising.

devaluation the returns from lamb and mutton are likely to be reduced next year.

A brighter prospect is wool, which benefited immediately from devaluation and a lift in world prices. Here the great advantage is that being a high value low volume product the return to the farmer is at present about 75 per cent of the price received in the terminal market as compared with about 30 per cent for lamb. Wool sales would equal those from sheep meat on most farms.

of the population are not giving and the rest Returns from the Merino wools of the population are not giving are very good worldwide, but the areas where they can be tion very willingly. There is a grown are limited in New Zeann the pipeline, both of which will be the seem very possible. in the pipeline, both of which North and South Islands. Cross- the best they can in the hope will hit small employers like bred wools could be increased, that one day the rest of the farmers. Sheep farmers have but only by increasing the sheep world will see the same been warned that in spite of flock further and this would economic sense as they do.

WHO ELSE BUT

ANCHOR IS EQUIPPED

TO STAY THERE?

Dairy farming is no longer

Dairy farming is no longer tied to the British market. EEC membership has practically wiped out British imports of New Zealand cheese and halved those of butter for which the quota is still falling. The New Zealand Dairy Board which for years has controlled all sales of milk from the farmage to of milk from the farmgate to the wholesale stage in overseas markets has been successful in finding outlets for different products in other markets, but few of these have proved as reliable as was the UK.

There is the problem of dumped U.S. and EEC dairy products in many world markets, but the Dairy Board has up until now been able to share in measures to regulate this expection dumping There cessive dumping. There are fears now that neither the U.S. nor the EEC will be prepared to continue these arrangement

New Zealand dairy output has increased over the past two years, but this is claimed to be as a result of good seasons and not of an increase in herds In fact new producers are not welcomed, although there is as

yet no quota system.

Thus the outlook on the whole is far from promising particularly for those farmers who have borrowed heavily to become established or increase production. production. They will be slightly comforted by the float of the dollar, which has now fallen by 32 per cent since June 1984 and so inflated the returns with which the confidence their contractions. with which to service their loans. The costs of most of their inputs will, of course, continue rising inexorably.

Many farmers still do not realise that the British con-sumer is no longer free to buy New Zealand food and that a relationship which had endured for more than a century had been severed when Britain joined the EEC. They still cannot see why the grass and products they put on the market more cheaply than any other country in the world are denied access to many countries in order to protect inefficient pro-

An expansion of wool sales diversify in other directions, and does not seem very possible, few of these show the promise of replacing the basic pastoral which are the country's products which are the country's speciality. In this situation, New Zealand farmers have no option but to soldier on, doing



Roses for export to Los Angeles are loaded on board an Air New Zealand 74. The airline's export cargoes include a significant amount of fruit, vegetibles an

### How micro-biology is helping the horticulture industry

ROSE GROWERS throughout the world have, for decades, seen their prize plants become stunted and withered by a plant disease called crown gall. This causes hard, woody lumps, or that the new cultures which galls, to form on the roots or

Once the galls have attacked a plant there is no practical way of getting rid of the disease, and infected plants must be destroyed. It is not unknown for 40 per cent of a crop to be uprooted because of the fast

spread of crown gall.

New Zealand rose growers no longer have this worry. The crown gall disease, which is caused by a bacteria, has virtually been eliminated in the country and is no longer a prob-lem to professional growers, nurserymen or orchardists.

The elimination of crown gall one of the success stories of the increasing use of micro-biology in New Zealand's important agricultural and horticultural industries. Crown gall-first discovered in

New Zealand in the year 1900can also attack peaches, nec-tarines, raspberries, flowering plants and some other fruits, including kiwifruit, which is now a multi-million dollar export sector.

To protect their plants from the disease-bearing bacteria, orchardists and growers can innoculate new cuttings or seed-

repels the plant disease.

It is perhaps typical of New
Zealand initiative and ingenuity
that the new cultures which
protect multi-million-dollar protect multi-million dollar orchids and plants are supplied from a small microbiological laboratory employing fewer than 20 people, located

town of Nelson.
The "friendly" bacteria, which are grown and processed in the strictest of sterile conditions and equipment, are added to a fine sterile peat mixture and then packed in small plastic

in the attractive apple-growing

countryside near the provincial

bags.
Each 160 gm bag contains
800,000m disease-fighting bacteria — enough to treat 7,500 rose cuttings or 2,000 peach

For cuttings or seedlings to become inoculated, they are simply immersed in a suspen-sion of the bacteria-holding peat

Mintech, the company which operates the micro-biology labo-ratory, recently invited the Government-operated hop re-search station to test its bac-teriological cultures on hop plants. More than 10,000 plants were used in the trial. The incidence of disease was re-duced from 40 per cent to 0.1

lants at this small laboratory has aroused overseas interest Canada and the U.S. are both now evaluating the New Zealand micro-biological proce Material prepared in New Zealand has been used in Canada in tests on peach seedlings. The incidence of in the tests dropped from 40 per cent to less than 1 per cent Other micro-biological pro ducts developed to help the farming industry include a nitrogen-fixing bacteria. These, too, are prepared in peat mix-tures which are mixed with

water and added to the seed. Nitrogen is necessary for healthy grass. By placing nitrogen-producing bacteria on the roots of the grass, the modern day farmer will get thicker, richer, more luxuriant grass, capable of feeding more stock. This is important in to-

day's farm economics. New Zealand has been in the forefront of agricultural scientific development for many years and its pasture experts are among the most expert in the world. Now the micro-biologist becoming important in continu-ing efforts to improve the health and production of the farming

DAI HAYWARD

BRITAIN'S BEST SELLING BUTTER. The rich grazing lands and perfect grass growing climate of New Zealand give Anchor butter the taste that Britain prefers. One reason why Anchor has been Britain's best selling butter since 1969.

INVESTMENT IN NEW TECHNOLOGY. But we don't rely just on Anchor's taste to keep us ahead. We've harnessed the technology of the 1980's to create the most advanced and hygienic packing plant in Europe. And, the most modern refrigeration techniques means guaranteed freshness for every one of the 6.5 million packs of Anchor butter which reach the shops every week

QUALITY CONTROL SECOND TO NONE. Rigorous checks are carried out at every stage of packaging to ensure consistent high quality.

GOOD TRADE RELATIONSHIP. The efficiency of our sales and distribution operation helps to make life easier for the trade. For example, our modern fleet of delivery trucks are all refrigerated so our goods reach the shelves in peak condition. INTHEPUBLICEYE. A competitive marketing programme and a high advertising expenditure help to reinforce the Anchor

POWER OF THE ANCHOR BRAND. Anchor has been at the forefront of the butter market for 16 years. By using a unique combination of years of expertise and continual investment in research and development, we intend to stay in that position. ANCHOR IS A WORLDWIDE TRADEMARK OF THE NEW ZEALAND DAIRY BOARD.

brand in Britain.

### Gas-derived petrol at the pumps soon NEW ZEALAND exported its for industrial, petrochemical

first oil this year. were the excess production from the new onshore local wells which could not be refined in New Zealand because the

temporary, the oil exports high-light the development of New Zealand's energy resources and the effort to make the country less dependent on overseas oil.

Last year, the McKee onshore
field came into production. This
has been developed by Petrocorp which was set up some
years ago to develop New Zealand's energy resources, utilise
the vast receives of vatural age. its vast reserves of natural gas and operate the various new industries based on the natural

gas production.

As a partner with Petrocorp, and helping to share the exploration costs, the Government receives 41 per cent of the revenue frem the McKee well, the first to be brought into production in what is now the McKee Field.

The McKee oilfield, in Taranaki, which has become the centre of New Zealand's oil and natural gas industry, was

the centre of New Zealand's oil and natural gas industry, was brought into production within its estimated budget of NZ\$70m. Production from the McKee field is 5,000 barrels a day, but this output will increase. Petrocorp is a blend of public and private enterprise: Set up under the Companies Act, it functions as a private company with a board of directors appointed from the business sector. However, 100 per cent of its shares are held by the Government.

Government.

It has four subsidiaries and two partly-owned companies. Its main activities are: oil and gas exploration, the development of oil and gas resources from the existing fields and the national distribution of natural gas throughout the country, the development of petrochemical industries and the processing of by-products from natural gas.

Its urea ammonia plant at Kapuni produces 155,000 tonnes Kapuni produces 155,000 tonnes of urea fertiliser a year—an important contribution to New Zealand's agricultural sector and already a valuable export-

and already a valuable exported at a loss for the first 18 months after it opened in May 1983, it expects to become profitable, particularly if world prices rise. The chemical methanol plant, a joint project with Petrocorp and Alberta Gas of Canada (completed in late 1983) produces pleted in late 1983) produces 1,200 tonnes of methanol a day. More than 90 per cent of this is exported as a raw material

An Australian market for 50,000 tonnes of methanol has

already been developed. The possibility of producing a fuel for motor vehicles from methanol has been studied in New Zealand for many years. As part of a Government-spe test programme, several methanol-fuelled vehicles are now on the road.

how on the road.

Akthough methanol has less than half the energy per litre of petrol, it provides greater engine efficiency, so only about 70 per cent more methanol is needed to travel the same distance as a tank full of petrol. Clearly, there would have to be a major price differential to a major price differential to make methanol an alternative to petrol in motor cars.

#### Energy policies DAI HAYWARD

some New Zealand cars will be running on synthetic fuel—the first in the world produced from a new process converting natural gas to petrol. The huge plant at Motunui, costing around NZ\$2,000m is a joint project between the Government and Mobil Refining of the U.S. new process

The process, never previously adopted commercially, converts natural gas to synthetic petrol. The project, owned 75 per cent by the New Zealand Government and 25 per cent by Mobil, has been condemned by critics as a costly samble with a as a costly gamble with a questionable energy efficiency

base.
As the project nears completion however critics have been less strident.

The cost of producing the "synfuel"—as it is known—will be comparable to the cost of refining oil at New Zealand's Marsden Point Refinery — the scene of prolonged and costly industrial disruption. Construction of the huge

level Motunui will provide the Government with NZ\$180m in Government with NZ\$180m in revenue each year for the next 18 years—a total of NZ\$3bn. It will cut New Zealand's bill for imported oil by more than NZ\$200m a year—a total saving of over NZ\$4bn by the year 2003. Even if oil prices fall 10 near cent the synthetic finely per cent the synthetic fuel plant will still be viable and hold its own against oil, say its

supporters.
When it reaches full production, Motunia will produce 570,000 tonnes of petrol a year. At today's consumption level this will supply one third of the country's petrol needs.

While natural gas and the hunt for oil have attracted most attention in the New Zealand energy scene it is coal which is making a strong revival.

which is making a strong revival.

During the next 20 years coal will regain much of its former importance as a source of energy. The country has vast proven reserves of coal—sufficient at today's consumption to last for more than 400 years. However, a four-fold increase in coal production is planned over the next ten years. This includes the opening up of the biggest open cast mines ever developed in New Zealand.

Some 2m tonnes of the increased production will be needed for the expanding New Zealand Steel mill and a new coal fired power station. New Zealand could also become a major exporter of coal, particularly to Japan and Korea. Japanese companies, Mitsul Mining and Khnematsu Gosho Japan, have been involved with the New Zealand state coal makes in a feasibility study to ship 2m tonnes of coal to Japan each year.

One of the problems still to be overcome is shown a feasibility.

Ch

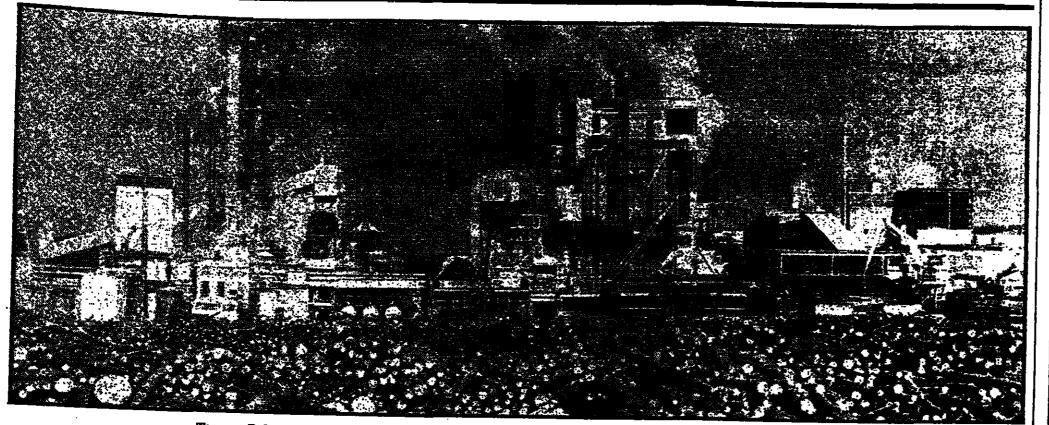
Meep farmi

one of the problems still to be overcome is that of loading the ships. There is no deep water port on the West coast of the South Island, the area from where the exports to Japan would be mined. Local people are acitating for a page people are agitating for a permanent deep-water port, but the economics will probably dictate the use of a slurry pipeline carrying the coal to ships anchored offshore.

Such a pipeline will need to handle 500,000 tonnes of coal a year.

The Government

#### New Zealand 9



Tasman Pulp and Paper Company's plant at Kawera u where 90 per cent of its kraft pulp is for export

# Expansion calls for marketing skills

IN THE decade starting in 1990, output of timber from New Zealand forests will double—then it will double again between the year 2000 and 2020.

This four-fold increase in production will see the nation harvesting 40m cubic metres of timber a year. The need to find buyers for this increased tonnage of wood and wood products has suddenly come home to the forest industry.

Forestry

DAI HAYWARD

production by another 50,000 tonnes a year.

For 50 years, the emphasis has been on growing more trees—and growing them bigger and better. Now the State Forest Service has prepared a marketing strategy showing the privately-owned forestry companies how it believes the country can best utilise its

country can best utilise its valuable forest resource.

Most of the increase in production will have to be sold to foreign markets. The State Forest Service has taken a lead in planning the long-term marketing stratgey because it controls and harvests almost half of the country's vast manmade and native forests. It is a made and native forests, It is a produces 408,000 tonnes of wood pulp a year is in the middle of a NZ\$220m expansion programme which will boost major supplier to the timber, and paper and pulp mills.

The pulp and paper industry will require more and more trees as the industry expands.

Mercan of

New Zealand Forest Products has 165,000 hectares of planted forest, including the huge 131,000 hectare forest supplying the giant Kinleith M41. The other major forestry company in New Zealand, Tasman Pulp and Paper, now part of the Fletcher Challenge Group, also has large reserves of native

Last year, New Zealand Forest Products (NZFP) made a profit of NZ\$110m—an indi-cation of the size and efficiency cation of the size and efficiency of the country's forestry companies. Although world prices for wood have declined over the past months, the industry in New Zealand is confident they will rise again before the end of the year. Increased efficiency and modern technology has enabled the country's has enabled the country's forestry industry to not only compete with overseas competitors, but to do so profitably.

small area in Southern Cal-fornia where it was regarded as a tree with no special merit and no great value.

Having been transported to New Zealand, it thrived, provid-ing mature trees in just over 20 years and becoming the mainstay for the country's exotic forest industry.

The man-made forests cover more than a million hectares and new plantings exceed the amount of trees milled each year. Half of the 10m cubic metres of wood now produced annually is exported —earning 10 per cent of the total export receipts.

#### Export earnings

Within the next few years, forestry will boost its export earnings to more than a fifth of total export receipts.

One big advantage for the New Zealand forestry industry is that trees—especially the Radiata Pine—reach maturity running out One of the most much earlier than in many other countries. The Radiata big demand for furniture making came originally from a ing and veneers. The handsome

appearance of Rimu furniture ductive land including sand appearance or kimu turniture has helped the furniture industry to develop big export markets—particularly to Australia. However, supplies of Rimu

trees are becoming scarce and milling of this native tree will stop in 1990. This has already drawn criticism from furniture manufacturers. The decline in the country's native forests, which have been

harvested—some environmentalists would say plundered for more than a century has brought growing friction between tree-lovers and environ-mentalists, on the one hand, and the commercial forest interest on the other.

Much of the environmen-talists' wrath has been directed at the State Forest Service which has control over most of

dunes and other areas not suitable for farming.

There is also again growing interest in the development of agro forestry — the grazing of animals beneath trees planted more widely apart than is cus-tomary in forestry plantations. New Zealand started this more than a decade ago, with some large public companies set up especially to develop the joint use of land.

use of land.

However, although the concept seemed fine, the marriage of the two types of operation did not develop as fast as was originally expected. Now there is again growing interest in agro-forestry, although many farmers claim there is still not sufficient expertise available to ensure the best results and the greatest possible production greatest possible production from both operations.

In other areas of forestry pro-duction, the country has de-The conflicting demands of forestry and farming for landuse have also brought some tension between the two sectors, but the forestry industry wastly expanded production streams that it is developing but make an important contribution to the national economy.



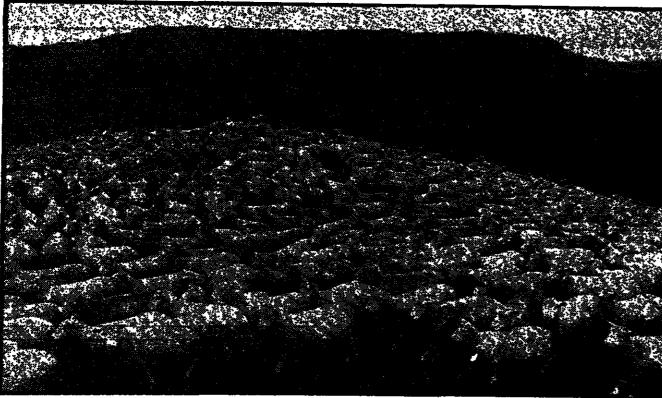
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Typical sheepfarming terrain. This is part of a flock of 2,500 ewes at Ngongotaha

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king Group The new force in International Banking.

## Chill wind as subsidies go

#### Sheep farming

JOHN CHERRINGTON

BILLY SMITH'S WHEN SHAPE SAME SHAPE SH ing country in South Otago. It had been part of a much larger place taken over by the Government for soldier settlement and sold to his father on the easiest of terms. The fences, sheepyards and woolshed were just sufficient to handle the 600 ewes and their followers at that time their followers, at that time considered adequate to support a family.

Billy took over some 15 years ago, buying the farm from his widowed mother and making her his principal making her his production mortgagor. The farm now in effect had to keep two families, a matter of some difficulty as lamb and wool prices had remained fairly

So he engaged a consultant so he engaged a constant whose budget indicated that he should increase his sheep flock, the main income provider. Under his father this had reached 1,000 ewes, this was now set to rise to 1,500 with replacements, neant that the farm would

Billy was his own shepherd, but in the New Zealand way he did not have to spend too much time with them. Sheermuch time with them. Sheering was by contract as was the
spreading of the increasing
quantities of fertiliser the
farm needed. He spent a lot
of time mending and adding
to the fencing his father had
laid down. Good permanent
fencing is the key to success
in sheep farming.

But the heavier stocking brought new problems. He had more lambs to sell it is true but the increasing numbers did not get fit to sell as easily as in his father's day of lighter stocking rates. So be had to grow turning and other crops for fattening them. This was quite expen-sive and lamb returns were

They still sold well on the British market but the cost of getting them there esca-lated. When he took over the farm he could count on receiving about 60 per cent of the price received at Smithfield London, but now it has fallen to just about 30 per

In 1975 the NZ Government, convinced of the need of expansion of farm produc-

ten years turned into full scale support for pastoral farming. Billy realised he farming. Billy realised he must take part or get out of the business. So, with some trepidation he purchased a further 100 scres from a neighbour who was selling up and moved his ewe numbers up to 3,250 today; a total sheep flock with replacements of 4,000.

#### Higher borrowing

borrowings, some at low in-terest under the incentive scheme from the Rural Bank. He paid rather more than he though wise at the time when he bought the extra land, but he was caught in an inflation-ary tide of land prices as farmers stimulated by the incentive scheme competed for

The big increase in ewe numbers means that none get individual attention. Like many farmers he has developed what are called easy care sheep. That is any ewe that suffers foot rot, falls to rear a lamb, ro needs help at lambing is ruthlessly culled. His lambing nowadays is no more than a patrel on a motor bik to pick up the dead and mark those to be culled. and mark those to be culled. He has had to increase the

nowed money.

The last few years have not been too bad at all. He has enjoyed a margin over capital repayments and in-terest rates and so increase his equity. He has been encouraged by the rise in land values. He has worked hard though and at the age of 50 wishes that this son were old enough to help him.

### Suddenly he is facing a chill wind, all subsidies and price support are being removed. It is true that devalu-

ation if it raises prices in local currency terms will look after his debt burden, but the cost of every necessary input especially when imported will be rising together with interest rates. Were it not for his son he would be tempted to sell out would be tempted to seil our while land prices are still holding and his equity is good. As it is his most likely reaction will be to stop all improvements and reduce his fertiliser inputs and let the

farm earry on, fed by the fer-tility built up by ten years of very good farming. There will of course be a slow fall in output but he thinks by not spending anything there will be a margin for living and covering his laterant soits and exceptial interest costs and essential repairs. One day he is sure

Good harvests



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Acted as organising broker for the flotation of Masport Limited.

Undertook a raid for 20% of Landmark Properties Limited. Undertook a raid for 19.9% of Viko Holdings Limited.

Purchased 15% of Fleur International Corporation Limited.

Organising broker for Omnicorp Investments Limited

Organising broker for Smart Group (NZ) Limited

Purchased 5% of Dominion Breweries Limited

Arranged the project and mortgage finance for a 17 storey strata-title

Commissioned to arrange the transfer of ownership (51%) Taylors

Acted as joint organising brokers for the flotation of Waikato Stud Limited.

Underwrote and raised equity for a special partnership with a capital of \$10

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More than 85 per cent of New Zealend's milk prod uction is used for dairy products, particularly butter, cheese, preserved milk and casein. The rest is consumed as liquid milk or used as stock feed. Above: an automatic milk bottle filling plant at the Hutt Milk Corporation

### Climbing the farming ladder

**Dairying** JOHN CHERRINGTON

THE TRADITIONAL way for a

young New Zealander to take the first step on the farming ladder is by share milking. There are three formal contracts enforced by statute. The first two are labour only, one where the herd owner gives the milker 29 per cent of total sales of milk and calves sold in re-turn for full management of the herd while the owner does the essential farm work. Or the amount is 39 per cent and the and the fencing by which the milker does the farm work as farm is divided into many small

reil. paddocks, each of which pro-However, about 18 per cent of vide a day or two's grazing for all herds are on the 50 per cent the cows. There is little need basis. The contract is short-for conservation or supplementerm, from three to five years. tary feeding. Nor is it a contract milker owns the cows and tinual grind. pays the owner 50 per cent of The cows are dried off dur-the milk sales plus 50 per cent ing the winter months, late May

Eddie—only the name is fic-tional—is a share milker who

has made good. Seven years ago he had NZ\$5,000 and a car and for a year he milked for wages. Then with a loan from the Rural Bank added to his savings he bought a herd of 110 cows and ran them on a 100acre farm in the Waikato area. Such a size berd is well with-

of calf sales. He does all the to early August, a time when farm work and pays half the he can take a rest, maintain his cost ame spreading fertiliser, machinery and keep an eye on He guarantees to maintain herd the stock.

After three years he took another contract on a 210-acre farm and doubled his herd size to 225. His wife helped him with morning milking but he did the rest of the work himself. As well as the milkers he ran 100 growing heifers as replacements of about 50 each year. These stocking rates are not high for this district and his yields measured in kilos of butter fat an acre are a good aver-

His cows produce 150 kilos of butter fat which at this years price of NZ \$3.81 equals \$571 per cow, totalling NZ \$128,000, giving him a gross income of \$64,000 from which to service his borrowings, maintain his herd and machinery, pay back some capital, live and save. At present rate of progress he could see the end of his debt

But he has not been content to settle for that. He had just bought a 110-acre farm for \$3000 an acre. He has sold his present herd and is buying a fresh one of 130 cows for the new farm. His total investment is some \$100,000 of which half will be satu,000 or which hair will be borrowings, some at low interest rates, is going to cost \$30,000 to \$35,000, half his expected gross

He is budgeting very strictly and reckons that by living with his family on \$8000 a year he will have a margin of \$3000 for saving and repayments. He readily agrees that financially it would have been more sensible to have remained a share milker. But he emphasised the inherent insecurity of a 3 or 5-year contract which he could lose at the end of the term. He was determined to be his own master and by skill, hard work and singleminded determination he has achieved it while still

> surrounding grass mown. Few gardens are better tended than this orchard Colin has had several advantages in this enterprise. He had sufficient resources tofinance the purchase and deve-lopment of the orchard without

but exports are threatened

Kiwi fruit production JOHN CHERRINGTON

SIX YEARS ago Colin Machab caused consternation in his family grazers for several generations, by selling his sheep farm and buying a 5.5 acre orchard holding near Tauranga on the West coast of the North Island. He could not see, he told me how he would ever be able to survive with just sheep and cattle on the difficult farm which was his share of the family property.

From several hundred acres From several hundred acres of grassland he moved to his present holding, almost hidden by its shelter trees, essential in this area of high winds at harvest time. Two acres were planted to citrus, mainly mandarins, but three acres were laid out to kiwifruit; Actinidia Chinensis or Chinese Gooseberry. The fruit is a brown or green rather hard-helled berry about the size of a large egg. Its about the size of a large egg. Its flavour I find unexciting but sliced it is most decorative in fruit salads, nutritionally it is claimed to be most valuable.

It is not an easy plant to grow successfully. Pollination entails a number of male plants and the process can be affected by bad weather. The best results seem to be if the vines are spread over a system of per-golas about six feet above ground. In his case the three acres were completely covered and the fruit in deep shade.
Achieving the right degree of shade is a matter of constant pruning right through the growing season from November in

Pests and diseases flourish in the warm damp atmosphere and have to be countered by spray-ing up to 15 times in the grow-ing season. Fertiliser has to be applied and the weeds cut and

horrowings. His two acres of inves-citrus kept the family while sites.

waiting for the kiwifruit to waiting for the kiwifruit to come into bearing a matter of between three and five years. He has adapted to the intensive system needed with enthusiasm. It must be a great change from the extensive sheep farming he was brought the group has to be

sheep farming he was brought up with. The crop has to be mentored almost daily for success and being without paid labour he does it all himself entent the spraying and harvesting which is contracted. harvesting which is contracted. Harvesting is determined by the degree of ripeness by analysis of the soluble solids of the fruit. Grading and quality control is by the NZ Kiwi Fruit Authority, a producer body and the marketing overseas is in the hands of six Commission agents. His output has reached 2,700 trays an acre, the orchard is still maturing and his margin after all expenses of growing and marketing is at 1983 prices some NZ\$12,000 per acre. But as I said earlier he is clear of debt, which is not the general rule in Tauranga.

Danger signals

So far so good. But there are danger signals. New Zealand output is set to rise sixfold by output is set to rise aixtoid by 1990. Exports rose by 160 per cent between 1980 and 1984 but the growers price after all charges droped by 38 per cent. Not a good augury. The Kiwi Fruit Authority recognises this and advises securing higher yields. The market is dependent to

a large extent on Japan, Germany and the U.S. which took nearly 70 per cent of all exports in 1984. But by 1990 the U.S. and Japan will each be producing more than New Zealand did in 1984. So will Zealand and in 1852. So with Italy and probably France. Planting is also proceeding in Spain. New Zealanders pro-vided some of these competitors with root stocks and even made them a present of the name instead of trying to patent it. I put these points to Colin but he seemed not to worry. He knew he was above average as a producer, he had no debts to worry about, and thus could live where others would starve. If the worst came to the worst his farm was zoned for subdivision, Tauranga is a prosperous retirement area, and he would much more than get his

investment back for housing

id exports

Lin Bard

Son

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#### Fresh Kiwifruit exports and values

	In i	constant NZ		
ear ended 31 March	Tonnes exported	Prices to growers per tonne	Prices FOB	Total value to growers s m
.1980	14,919	3,279	3,896	49
1981	15,346	2,874	3,808	. 44
1982	23,014	2,488	3,358	57
1983	17,290	3,252	4,128	56
1984	39,041	2,028	2,749	79
<del></del>				<del></del> -

#### World Kiwifruit output

	Areas ('000 hectares)	Production ('000 tonnes 1983)	Production forecast ('000 tonnes 1990)
New Zealand	12	47	- 296
U.S.	2.7	13	54
<b>Italy</b>	2.5	9	60
Japan	2	5	45
France	1.8	6	30
Others	1.9	1	44
World	23	82	529
		Fron	NZ MAF Statistics



and vegetable market at Aukland



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THE SPECIALISATION of New Zealand farming into pastoral products was dictated by topo-graphy and climate. The

graphy and climate. The proportion of land suitable for cropping under arable systems is, for the size of the country, extremely small because much of the area is mountainous or contemply hills. extremely hilly.

The climate, too, is variable, with high humidity which would put New Zealand at a disadvantage for cereals as compared with Australia, the Americas and parts of Europe. Nevertheless New Zealand can be self-sufficient in grain and has been successful in exporting malting barley when the world market has been undersupplied. market has been undersupplied.

So at times of economic stress the average farmer has been advised to intensify his produc-tion of meat and wool both on his better land and on areas which would be regarded as marginal in most other countries. It must be underlined that this is the only course that many can take. Their land is not suitable for anything but grazing.

The more fortunate have level kand for cropping or areas suitable for horticulture but these are concentrated in what would be called horticultural areas where there are already such activities designed to supply local needs.

A case in point is kiwifruit

Yet the value of the male

diversification so far and subject

of a separate animals is limited.

At recent sales yearling stags of a separate article. Kiwi fruit, however, need a special environment not found in many

parts of the country.

No one can accuse the New Zealand farmer of failing to look for alternatives. One of these is deer farming. Deer were imported into the country in the 19th century and like these is deer farming. Deer were imported into the country in the 19th century and like ably expand as more becomes the second visible, not an easy job almost every twenty and like ably expand as more becomes the second visible, not an easy job almost every twenty the second visible and the second

**Diversification** in farming

Some 15 years ago some farmers learnt that the South Koreans valued the velvet, the immature antiers which grow each year, as a tonic, and could not get sufficient from the traditional sources in China and the HSCP

per head.

costs particularly of breeding stock are recouped. In addition deer do require a high degree

duced to control the blackflourished after their importation by homesick settlers. They became almost as much of a pest as the rabbits and the blackberries themselves, and attempts at control by shooting and poisoning were only partially successful.

to cross Feral goats with Angora bucks for the production of Mohair, another very high value fibre. After five generations the progency will be to all intents and purposes pure Angoras. In addition to the fibre there is a

### Buyers at the Wiri Wool Store auctions, just outside Auckland Long-term hopes for goats, deer and timber

JOHN CHERRINGTON

price on their heads, or rather

the USSR.

The realisation of this initiated a boom in deer farming which is still continuing. Wild deer were trapped in the bush, hunted from helicopters and immobilised by anaesthetic darts, or simply netted from the air. All over New Zealand deer paddocks are being established on pastoral farms. Considerable capital is needed for fencing and capital is needed for fencing and handling sheds and for breeding stock. There is a shortage of hinds and prices are high; between three and four thousand dollars a head.

Numbers are certaintly increasing. Rising from 109,000 in 1981 to 260,000 in 1984. In some respects the industry is feeding on itself hence the very high prices made by hinds as more invest in breeding stock

animals is limited.

At recent sales yearling stags have been making between three and four hundred dollars a head. Gross annual income from the velvet is probably between NZ\$ 50 and NZ\$ 100 per head.

The problem is that timber, like deer and goat production is a fairly long-term job. Farmers who wish to profit from them.

almost every import flourished available. It could be some time, in present economic circum until they became a pest with a however, before the high initial stances.

Goats were originally intro-

They are now being redomesticated, captured from the wild and used for basic breedwild and used for basic breeding stock for producing Cashmere and Mohair. The former is the very fine down at the roots of the hair. The quantities produced are from four to six ounces per animal a year and can be secured from some of those form! greats these feral goats.

However the main object is developing market in the Middle East for the flesh.

Conifers grow luxuriantly almost anywhere in New Zealand and some farmers are afforresting some of their marginal areas. They will produce a marketable crop within 25 years, less than half the time

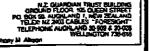


Buyers at the Turners and Grower central fruit

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### **Meat** production

JOHN CHERRINGTON

DURING THE last year the New Zealand Meat Producers Board rendered down 40,000 tomes of lamb and an unknown quantity of ewe mutton to clear cold stores. For next year, the chairman of the board, Mr Adam Begg, has forecast a fall in lamb price of 20 per cent and a probable nil return for many of the old ewes sent to freezing works. This reflects the increase in output of lamb consequent upon the rise in the sheep flock which was a direct result of an incentive scheme. This coincided with increasing output in the EEC, mainly Britain and stagnant demand in other traditional markets. The importance of Britain is declining from taking 64 per cent of all lamb in 1978-77 to 39 per cent in 1983-84. In this latter year, imports into the UK were much reduced to clear excessive stocks and could rise slightly in the future.

stocks and could rise slightly in

diam'r.

There is a strong lobby among British and French sheep farmers to restrict New Zealand imports further.

There are increasing moves to add value to lamb by exporting primal cuts and the deal with Bernard Matthews to produce lamb rolls in New Zealand should, it is hoped take \$0,000 getting it back again. Even if it does succeed in this the circular primal cuts and the deal with Bernard Matthews to produce and is having difficulty in getting it back again. Even if it does succeed in this the circular producers Board, then a promotional body, exporting was in the hands of a variety of companies, the majority not New Zealand amb was losing its quality cachet in the UK market and is having difficulty in getting it back again. tonnes of lamb in carcase form.
There is a problem in that, because if a combination of

Meat exports

Total EEC-Iran Total Middle East ...

Other markets: U.S....

Of which U.S. .....

Total Asia .....

Japan USSR

Mutton totals

union power and over-capacity New Zealand slaughter and pro-cessing costs are too high in relation to the value of the meat handled

meat handled.

Muston sales have been difficult lately chiefly due to a reduction in USSR purchases, although the Soviets did begin purchasing lamb. It is very questionable if further processing of mutton will pay dividends in view of the high costs and poor markets.

Some 75 per cent of all beef exports are to the U.S. where they are limited by quota. They fell during the last year as farmers were rebuilding herds after drought but are expected to increase again. Outside the U.S. exports are much affected by competition from EEC supplies which are said to be heavily subsidised. Some 75 per cent of all beef

heavily subsidised.

So far New Zealand farmers have been shielded from these problems to some extent by the devaluation and floating of the NZ dollar and the residues of the Supplementary Minimum Payments. Until Mr Begg's recent warning the Meat Producers Board has been very secretive about the general position but he did say that export lamb production for this year, 1984-85 would be 40 per cent higher than in 1979 and that there would be pressure on prices.

stocks and could rise slightly in the future.

Iran is now the biggest customer, and there have been sales recently to the USSR, Poland, Egypt and the Middle East generally. However, the hazards of the Iran-Iraq war and of old prices make that an uncertain market and it is believed that considerable barter trade is going on.

Nothing is officially known about prices but it is generally believed that Britain is still the most reliable and viable outlet. To keep it that way the Meat Producers Board has been very ducers Board has been very specially position but he did say that export lamb production for this year, 1984-85 would be 40 per per.

In his analysis of the position he said in effect that steps should have been taken in the said in effect that steps should have been taken in the increasing quantities of lamb which were bound to come on the market due to the increasing quantities of lamb which were bound to come on the market due to the increasing quantities of lamb which were bound to come on the market due to the increasing quantities of lamb which were bound to come on the market due to the increasing quantities of lamb which were bound to come on the market due to the increasing quantities of lamb which were bound to come on the market due to the most reliable and viable outlet. There is a strong lobby among British and French sheep farmers to restrict New Zealand imports further.

it does succeed in this the size of the lamb market world-wide

In tonnes ('900s)
Quantity and destination

14 19.5

To Sept. '79 To Sept. '82 To Sept. '84

A more unusual aspect of New Zealand meat production: a herd of red deer at Tarawera Deerland at Ngongotaha where the animals are bred for export and meat production. The first red deer were bred there for export by Mr Harry Bilmer

### Thoroughbred sales boom

#### sets new records

EVERYTHING is relative, as buyers at this year's thoroughbred racehorse year. ling sale at Trentham, New Zealand, discovered when reading about a sale of Arouse about in the Reg of Angora goats in the Bay of Islands that momentarily stole a little of Trentham's thunder by grossing NZ\$5m including a top-priced NZ\$140,000 for a two-year-old back

That sounds a lot for a goat, and may have spurred some racehorse buyers to the view that New Zealand thoroughbreds are still underpriced, whatever the local bloodstack industries recent

priced, whatever the local bloodstock industry's recent rapid progress.

In the event, this year's National Sale at Trentham grossed NZ\$28.5m for 402 lots (+47.8 per cent on last year) at an average of NZ\$71,006 per yearling (+44.1 per cent)—a sure enough sign that the market in New Zealand is still booming.

booming.

American racchorse-owner once remarked: "With the soil of Kentucky, the sun of California, and the rain of Ireland, New Zealand is the greatest place in the world to raise horses."

to raise horses."

In my experience it is reland's rain, rather than California's sun, that New Zealanders are most indebted to, but there is no denying that wife regular air charter services, New Zealand has become the theroughbred nursery of the South Pacific.

The Trentham sale is The Trentham sale is organised by Wrightson Bloodstock, a wholly-owned

The legendary Phar Lap was sold at Wrightson's 1928 National Sale, for 160 guineas, since when the company has

**Bloodstock** MICHAEL THOMPSON-NOEL

director, Mr Michael Floyd: "New Zealand has one of the largest racing industries per capita in the world. Some 14,000 broad mares produce 6,000 foals, and a similar number of horses race annually at 326 meetings at 57 racetracks. 57 racetracks.

"It has been estimated that more than 40,000 New Zealanders are employed directly or indirectly in the racing and bloodstock industries."

As usual, Australia was the main buyer at Trentham this year, buying 231 yearlings for NZ\$16.7m (58 per ceut of the total). Other customers included Britain, Singapore, Malaysia, and South Africa.

Top price

The top-priced yearling was a chestnut colt by Sir Tristram which fetched NZ\$650,000. Sir Tristram — a son of Epsom Derby winner Sir Ivor — once again domin-

of the top 12 lots, seven were by Sir Tristram, in which Mr Rob et Sangster, the UK pools millionaire, now ewns a stake. All told, 51 Sir Tristram yearlings were sold at Trentham, at an average of NZ\$142,020 each an extraordinary performance, by any measure, which is underpinned by the success at the racetrack of as Gurner's Lane, Grosvenor, Trissaro, Dalmacia, Mapper-ley Heights, and Sovereign Red, all of them big winners Down Under.

New Zealand bloodstock breeders enjoy very generous

by Australian rivals — which have helped attract investors Earlier this month, the Blandford Lodge Stud, which

is in the Waikato area (as is Cambridge Stud, the home of Sir Tristram) made an issue of 20m ordinary 50 cent shares, including 15m to the public. The move was not without precedent.

Blandford Lodge is a 150acre property near Matamata racecourse. The new company vill start with 31 broodmares. It also has a key stake in the stallions Imposing (whose 13 lots at Trentham this year averaged a sales-topping NZ\$166,883 each) and Alibhai, the first NZ-bred million dollar stakes-earner to be retired to stud in New Zealand.

The new company says its commercial objective is to produce yearlings that make the top band at Trentham, where the average for the top
50 lots over the past three
years was NZ\$112.370.
NZ\$172,800, and NZ2\$5,450
respectively.

To cover all beis, perhaps they should buy a goat.

### Fletcher Challenge Limited, New Zealand's largest public company, strongly committed to growth

Liletcher Challenge Limited, New Zealand's leading  $\Gamma$  company, has achieved record earnings growth during the last six months.

An ongoing programme of capital investment - NZ\$670 million has been committed over the last three years — is now paying dividends. Profit for the half year was NZ\$99 million — a 53 percent increase on the previous half year --- and the company expects to easily surpass the NZ\$180 million earnings forecast for the full year 1984/85.

With 50 percent of its revenue now derived offshore. Fletcher Challenge is well positioned for sustained long-term growth.

Fletcher Challenge is a world ranking company with a turnover of NZ\$4 billion and staff of 21,200. It has substantial investments in Canada and Australia. The Group's assets of NZ\$5.5 billion give it the financial strength to participate in important future capital intensive projects in New Zealand and abroad.

AFTER TAX EARNINGS \$M131

MAJOR BUSINESS AREAS: Fletch- Challenge is a diversified growth orientated company operating to the following key sectors of the

Forest Industries (Eventy and logging; newsprint and kraft pulp, lumber, particleboard and doors, corrugated and converted paper products; flexible packaging materials.) Financial Services (Consumer finance, merchant banking credit card operations; mortgage management services.) Construction and Property (Commercial design, development and construction; civil engineering and major projects; property civil engineering and major projects; property management and ownership.) Rural and Trading (Rural servicing and reasong; more vehicle assembly and reasong; fishing LPG distribution.) Building Materials (Building materials reasong; manufacturing; concrete; housing I Steel (Steel manufacture, processing and distribution: wire manufacture.)

ompanies in the Group are committed to further developing both their existing domestic businesses and their export base, and welcome enquiries which in the first instance should be directed to: The Trade Development Executive, Fletcher Challenge Limited, Box 1696, Wellington, New Zealand, Telex NZ 3418, Telephone (64-4) 738-267, facsimile 730-448.

# Fletcher Challenge

87-91 The Terrace, Wellington, New Zealand. P.O. Box 1696. Telex NZ 3418, Telephone (64-4) 738-267



### Some rivers now over-fished

149 168

#### Trout fishing JOHN CHERRINGTON

NEW ZEALAND provides the opportunity for anyone to fish the most beautiful rivers in the world at a very low cost once the journey there has been undertaken. There are no private beats and the angler can assume any river or atream as walk up any river or stream as long as he has the requisite licence, costing at present about It is advisable to ask the

It is advisable to ask the farmer through whose land the stream or river runs for his advice. There is no law, as there is in some British counties, against having a bull loose in a field. Some New Zealand former have been known to have against having a same against having a field. Some New Zealand farmers have ben known to have a strategically grazing bull in order to protect a favourite lie. But it is as well to warn the prospective fisherman that its very cheapness and accessability makes it a very popular sport with the inhabitants. Favourite pools are sometimes overpopulated and it is as well to-make the trip before or after the holiday months of December and January when the rivers can be a bit crowded.

It is also the case that those

It is also the case that those well-known hindrances to successful fishing as flood, drought and non-taking periods with lack of fly or other natural halt are first as recovered as in bait are just as prevalent as in bart are just as prevalent as in Britain or anywhere else. That being said, a fishing holiday in New Zealand can be very rewarding as long as one's expectations are not too high. There is no doubt that some ripage are heing overfished and



world's most beautiful rivers: the seene here is the Kawarace River, in the Queenstown area.

Fisherman's paradise: New Zealand has some of the

at any time of year. The river nymphing but in reality were systems are open from October simply casting wet files up-until May. The best runs on the Tongariro at the Southern end of the lake are said to be in could see rising but was beaten

rivers are being overfished and there were appeals in some papers for fishermen to release catches above a certain number.

The Lake Taupo area in the North Island is probably the best known centre. The lake itself has a very large trout population which behave almost as do salmon in migrating up as do salmon in migrating up the rivers to spawn in the autumn. The lake can be fished

For those who think that Taupo is overated, which I do not think is, the South Island, and particularly Southland, is the best. There you have more chance of finding an unoccupied stretch of river and the opportunity to enjoy the more delicate art of the dry fly. The ssential is to secure some local knowledge.

There are professional fishing guides and the tackle shops would be able to advise how to get in touch with them, and the Acclimatisation Societies will advise as well. The sensible thing to do would be to set up housekeeping in a motel or country hotel in the district of one's choice and make inquiries.

It also pays to keep one's eyes open. If you come across a river side where there are a number of what they call batches, wooden chalets of very varying quality, it probably means that this is a favourite means that this is a favourite spot for camping and fishing and the river would be well worth a look. No attention is paid to banks, so waders are essential, gorse blackberries and other weeds infest the river banks.

As to tackle, a nine-foot trout rod would be ample anywhere, but for the downstream fishing on strong water a floating line with sink tip is essential. I fished with a sinking line and nearly broke the rod, when

New Zealanders use very big flies, but sea trout or salmon flies would do well and the standard dry flies seem to work quite well for upstream fishing.

It would also be as well o take a salmon rod. The Acclimatisation Societies have salmon runs, Pacific salmon, in various South Island rivers, notably the Rakaia and Waitaki Very good catches were reported this year and this prospect is well worth exploring.

But one word of warning. The New Zealand sandfly defends every river with one of the most irritating stings that I know. Take plenty of



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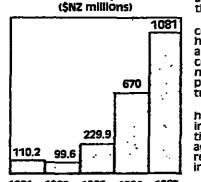
Brierley investments Limited is Australasia's major investment company.

Since its founding, BiL has been a discerning investor, identifying undervalued assets and concentrating on corporate reorganisation and rationalisation. The company is an active investor, often seeking and obtaining board representation.

During almost 25 years of operation in New Zealand and 20 years in Australia, Bil has built up wide-ranging investments throughout both countries, and is becoming increasingly involved in the

In New Zealand, where it is the country's largest listed company, the principal investments of this rapidly-growing organisation include property, retailing, meat processing, natural gas,

(SNZ millions)

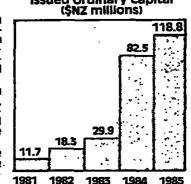


1982 1983 1984 1985

moving into large scale investment in international markets, the first major step towards this being the full acquisi-tion of U.S. retailer, The Higbee Com-

Industrial Equity (Pacific) Ltd also has a 25 percent holding in the UK firm of Tozer Kemsley & Milbourn (Holdings) PLC. TKM is a major motor vehicle importing and marketing organisation in the U.K. and elsewhere, as well as having transport, land and film processing interests on both sides of the Atlantic.

As a company which concentrates on investment, corporate reorganisation and rationalisation, and the effective use of resources, Bit sees this move into the international scene as a natural extension of the successful principles previously applied to its New Zealand and Australian investments. Issued Ordinary Capital (\$NZ millions)

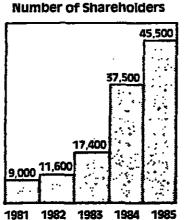


printing and packaging, apparel, media, agriculture, brewing, wine-making and the motor industry.

Growth during the 80s is based on the continued development of a strong home base with substantial holdings in a range of key industries; a continuing commitment to the Australian eco-nomy; and selective investment in public-listed companies in other coun-

In Australia, through its 52 percent holding in Industrial Equity Ltd, Bil is involved in the oil Industry, construction, retailing, Insurance, food, beverages, brewing, property and natural resources — to name just a few of its interests.

And, through its controlling interest in Industrial Equity (Pacific) Ltd, BIL is



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### A sudden rush of overseas visitors

EUROPEAN TOURISTS have suddenly discovered the attractions—and the relative low cost—of holidays in New Zealand. These factors have helped spark a major

tourist boom, which began late last year.

Surveys and forecasts suggest that the New Zealand tourist industry will this year receive many more visitors from European countries as well as a big increase in arrivals from the key tourists market of Australia, Japan, Asia and North America Paritain is now the fourth and a late of the court of the court and the court of the court and the court of the court and the court of the court and the court and the court of the court and the court of the court and t Asia and North America. Britain is now the fourth and Germany the sixth-largest market for New Zealand tourism.

tourism.
German visitors increased by 6 per cent in the year ended. February, but New Zealand tourist industry leaders were even more excited by the big percentage increase from Scandinavia (up 46 per cent), France (30.9 per cent) and Italy (27 per cent).

(27 per cent).

Tourist earnings jumped 40 per cent to NZ\$ 1.1bn during the past year. The Tourism Minister, the Hon Mike Moore, forecasts that tourism "will soon earn more than wool." The favourable exchange rate which gave Australians vir-

tually a half-price holiday in New Zealand led to a boost from Australia this year. I n February alone, 15 per cent more Australians toured New Zealand and more than 250,000 Australians will wit New Zealand and more than 250,000 Australians will wit New Zealand and Market New Zealand and Market New Zealand and Market New Zealand Ne

Australians will vait New Zealand this year.

Last year, New Zealand played host to im overseas visitors—this year there will be many more. The big increase in tourist numbers has not been without its manufacturist in the search of the sear without its problems including the need for more top class hotels, especially in the main cities and major tourist centres.

tourist development. Last month a much greater amount is given it increased Government financial support by 187 per cent, with NZ\$ 16.4m in aid for existing and new tourist projects.

There is now NZ\$ 300m of new, first class botel building realisation that the unique under construction, or in the pipeline. These developments vironment and wide open will provide an additional 1,300 rooms within the next year.

rooms within the next year. attract visitors to New Zealand,

tourist resorts where the Tourists also now have easier accommodation shortage is paraccommodation ticularly acute. icularly acute. rivers, tall mountain peaks and In addition to the top class dense forests. The visitor who

(Code: AKL)

(Code: CHC)

Rongotai (Code: WLG)

Main ports

**Tourism sector** DAI HAYWARD

particularly from Singapore, Australia and the U.S. The removal of exchange control and the lifting of restrictions on foreign investment in New Zealand will also give a boost to overseas investment in the

sector.

The Labour Government is particularly aware of the benefits which tourism canbring, especially in the creation of new jobs. Mr Moore wants these benefits to be spread as widely as pressible throughout widely as possible throughout the country—not just in what were regarded as the main tourist or scenic areas.

The minister has encouraged local entrepreneurs to open and develop a whole range of attractions which will entice tourists to stop more frequently on their regional travels.

Mr Moore is also providing this regional aid at a much earlier stage in the develop-Campaign

The Government has launched a massive campaign to boost tourist development. Last month it increased Government from the carter stage in the development of new tourist attractions. Formerly, financial assistance was often only available when a project was operative. Now, a much greater amount is given.

rooms within the next year, attract visitors to New Zealand, During the past year, leading are not, in themselves, sufficient to fully hold their interest client to fully hold their interest after they arrive.

The government's own pioneering past is now being utilised for tourism with the responsing a new high class 200-room hotel at Queens Own, one of the country's most popular tourist resorts where the Tourists also now have easier

hotel construction, there has leads the most sedentary life at been extensive building or up-home can now experience the grading of smaller, lower-cost thrill and adventure of white accommodation throughout the water rafting on a raging river which coachboads or foreign tourist; or enjoy the heart-stopping visitors, particularly Japanese attracting much interest and through a deep river gorge.

Specialised hunting and fish
example, to the delight with coachboads or foreign tourism in the main market international world for friendly against through a deep river gorge.

Specialised hunting and fish
or enjoy the heart-stopping visitors, particularly Japanese courism in the main market international world for friendly against through a deep river gorge.

Specialised hunting and fish
country highway. To the local important factor in the airline's from any land.

New Zealand offers an impressive choice of holidays for overseas visitors. Above: tourists arrive by Cessna ski-plane at Mount Cook National Park. As well as tourist flights, Mount Cook Line operate air, road and rail services throughout the country\_

Popular '

of adventure, while at the same time remaining protected and safe, is a much sought-after ex-Mr Moore, who has a con-aderable enthusiasm for his job of developing and support-ing NZ tourism, comments: "People from other lands are often more interested in what a country is... things that New Zealanders take for granted, as everyday parts of life, are unusual, often strange and interesting to visitors."

North America, the opportunities to come close to nature or experience solitude and a slice

The minister points for example, to the delight with which coachloads or foreign

ing expeditions, along with a growing number of adventure-type holidays, are attracting people of many age groups.

To many, especially from the over-crowded cities of Asia or New Lealand has just and snapshots.

To many, especially from the over-crowded cities of Asia or New Lealand has just and snapshots.

creasingly popular with British

creasingly popular with British tourists.

For many years the involvement of New Zealand's Maori people in tourism was liftle more than superficial, providing grass-skirted-concert groups to entertain visitors. New, the Maori people are becoming directly involved in tourism in a business-like and rewarding way.

High St., Lower Hutz (tel: 660405) Picton Rental:

Kent St./Wairan Rd, Picton

lertz: Courtenay Place

(tel: 843809) Internal Travel Air: Main domestic carriers are Air New Zealand, Mount Cook

Airlines and Newmans Air; most

centres/resorts linked by scheduled services: charter and

(tel: Picton 725)

The nation's flag carrier, Air New Zealanders are rapidly New Zealand strongly promotes building a reputation in the

Air New Zealand has just signed an agreement with Cana-dian Pacific Airlines to open up a new NZ-Canada route later Australians and Americans this year. This should increase often prefer the freedom of the number of Canadian tourists driving a rented car or visiting the South Pacific motorised caravan. This type A third of the country's popular total professional action lives in the Auckland

lation lives in the Auckland region, in the north of New Zenland, where a large proportion have never visited the South Island or seen the scenic wonders of their own land. A Government drive hopes to alter that, with campaigns encouraging New Zealanders to "Know your own country first."

All this support and promotion has helped to create a grewing tourist industry in which

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Anckland (fee: 31968; telex: 2326) Canterbury Chamber of

#### TRAVEL AND ACCOMMODATION SUMMARY Christchnreh

International airports Auckland International Admiral Lodge 51 Pages Rd. (tel: 899014) Avon Motor Lodge 356 Oxford Terrace Christchurch International 11 km from city Wellington International-(tel: 791180; telex: 4382) Chateau Regency PO Box 2863, 187-189 Deans Ave, Ricearton 8 km from city Clarendon Auckland, Dunedin, Lyttleton, Tauranga, Wellington 78 Worcester St. (tel: 798440; cable: Clarendon) Noalis Neither service charge nor PO Box 1318, Worcester St./ Hotels in the main cities include

Vacation

Vellington

James Cook

Taxis

on ranks

the following: Auckland Townhouse Hotel Anzac Avenue (tel: 798509) Regency Hotel 35 Albert Street (tel: 30501). Airport Inn

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DR Mannere De Brett Hotel DB Mangere Bader Drive, Mangere (tel: 2754139) Park Royal Oriental Parade Grafton Oaks Courtesy Inn
121 Grafton Rd, Grafton
(tel: 30167; telex 2191)
Hyatt Kingsgate Auckland
Waterloo Quadrant/Princes St. (tel: 797220; telex: 2298). Railton Private Terrace Regency 345 The Terrace 411 Queen St. (tel: 796487) Regal Polynesian Inn Kirkbride Rd, Mangere (tel: 2755082) PO Box 9208. Royal International Waterloo PO Box 1721, Victoria St. West (tel: 31359: telex: 2505) Sheraton Auckland PO Box 2771 (tel: 795135; telex: 60231)

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Oxford Terrace (tel: 794700; telex: 4875) Car hire Russley International licence (or certain. PO Box 8108, Roydvale Ave.

(tel: 588289; cable: Russleho)
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(tel: 60072; telex: 4939)
Hertz: Lichfield St.
(tel 60549)
Wellington
Avis: PO Box 6317, Dixon St.
(tel: 850266; telex: 3393) (tel: 857799; telex: 30058) Waterloo Quay/Bunny St. (tel: 728255; telex: 2843)

tel: 50505; telex: 5053) Europear: Taranaid St. (tel: 851149) Budget: Waterloa Quay (tel: 726336; telex: 31207) Anthony Motors: Main St. Dunedin Shoreline 47 Timaru St. (tel: 55195) Southern Cross High St (tel: 770752; telex: 5733) (tel: 287089) Highway Rent-a-Car: Parumoana St. Metered: tipping not usual (tel: 77496) Newman's Rental: Taranaki St. (tel: 852149) except for extra services; ordered by telephone or found

local services also available. Road: Over 95,000 km of road network, main routes are surfaced and condition is generally good; unscaled roads generally well-maintained generally well-maintained
Bus: Network of coach services
booking in advance participative
advisable at holiday times
(e.g. Dec./Jah., Easter); good
local services
Rafi: Usually one "special"
class (although: "second class
found on some local trains);
express linked main tenices
usually have restaurant cars,
sleeping accommodation and in
some cases, air conditioning. some cases, air conditioning. Main routes include: Arckland-Wellington (likely journey time 11 hours); Christchurch-Invercargil (10 hours), Total network around 4,560 km 3 Sea: Hegular services for passengers and vehicles betwee North and South islands South Island and Stewart Island Advance booking advisable Dec. Jan. and at Easter Telecommoun Telephone dialling code for New Zealand: prefix + 64. followed by, for Auckland 9, Christchurch 3, Dunedin 24, Palmerston North 68.

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Molesworth St. Thorndon,
PO Box 1971, Wellington
(tal: 723376; telex: 3714)
New Zeuland Export-Import Corpn. Robert Jones House, Whileston St. PO Box 11332, Wellington (tel: 738110) New Zealand Bureau of Imperiers and Exporters Parasell House. Parmell House, 476 Parnell Rd. Anckland (tel: 771273). Wellingson Chamber of Commerce. PO Box 1820, 126 Wakefield St. PO SOT 1520, 120 WAKEREIG SE Wellington [152: 722725; telep: 8714] These details are at extract from Asia and Pacific Review, published by World-of Information, 21 Gold Street, Sofron Waldon, Essex, materior walden. Tel: 0799 21150: telex 317 197 JAXPRSG

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